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VOL. XLV.

URBAN DISTRICT COUNCILS' ACCOUNTS.

BY

FRED. S. ECKERSLEY

(of the Urban District Council of St. Anne's-on-the-Sea, Accountant).

LONDON:
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1906

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EDITOR'S PREFACE.

THE object of the series of handbooks that is being published under heading of THE ACCOUNTANTS' LIBRARY is to provide, at a reasonable price, detailed information as to the most approved methods of keeping accounts in relation to all the leading classes of industry whose books call for more or less specialised treatment. No such series has hitherto been attempted; but there exist, of course, numerous separate works dealing with the accounts of one particular class of undertaking. These separate works are, however, for the most part either too expensive, or too superficial to answer the purpose that is particularly aimed at by THE ACCOUNTANTS' LIBRARY, which is intended to supply the student with that specialised information which he may require, while at the same time affording to the trader, banker, or manufacturer who is not in a position to secure the fullest information for his purpose, knowledge which can hardly fail to be of the very greatest assistance to him in the correct keeping of his accounts, upon a system specially adapted to his requirements, and therefore involving a minimum expenditure of labour. It is expected that the series will also be found of material assistance to bookkeepers of all classes.

Without aiming at giving an exhaustive account of the manner in which each separate business is conducted, the technical points in connection with each industry will receive as much attention as is necessary in order fully to elucidate the system of accounts advocated, while each volume will be the work of one who has made that particular class of accounts more or less a speciality. It is obvious, however, that to enable the necessary ground to be covered in the space available, it is incumbent to assume upon the part of the reader a certain knowledge of general bookkeeping. The extent of the knowledge assumed will vary according to the nature of the class of accounts considered. For example, in the volumes on "Bank Accounts" and "Shipping Accounts," a thorough acquaintance with ordinary double-entry bookkeeping is not unnaturally assumed; but in the case, for instance, of "Auctioneers' Accounts," "Domestic Tradesmen's Accounts," and other similar volumes, such explanations are included as will enable the ordinarily intelligent reader fully to grasp the methods described, even although his knowledge of bookkeeping may be of an elementary description. These explanations are, doubtless, superfluous as far as accountants are concerned, but are necessary to make the volumes of value to the majority of those specially engaged in these particular industries.

To subscribers for the whole series it may be added that, when completed, it will form a most valuable and practically complete library, dealing, at the hands of specialists, with practically every class of accounts, and illustrating the application

of the theory of double-entry as described in general works on bookkeeping.

The first series (of twenty volumes) has already been completed, and particulars of the subjects dealt with will be found on p. i. A second series (which will comprise about thirty more volumes) is now in progress, which when issued will complete the scheme. Many of these have already been arranged for, but the Editor will be glad to receive suggestions and offers from accountants of experience for the undertaking of volumes not yet announced.

34 Moorgate Street,
London, E.C.
June 1903.

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INTRODUCTION.

I THINK it may safely be said that in no profession has there been more advancement during the last quarter of a century than in accountancy.

That the method of accounting employed 25 years ago would not satisfy present-day requirements is generally recognised, yet in how many urban districts does the same method exist to-day as existed a generation ago? In dozens of urban districts there has been practically no advance or improvement in the system upon which the accounts of the Council are kept. The reason for this, we are told, is that no Order of the Local Government Board as to the manner in which the accounts of Urban District Councils are to be kept has been issued for more than twenty-five years, and that if the Order of 22nd March 1880 is to be complied with, the accounts must be kept on the basis of "Receipts and Payments." But must they be? If so, why is it that the Board's District Auditors recommend the accounts being kept on the basis of "Income and Expenditure"? Presumably the District Auditors would not be justified in recommending—nor do I think they would recommend—this system if, by its adoption, the requirements of the Local Government Board's Order would not be complied with. We know that in many of the larger urban districts this system is in operation, and no exception has been taken thereto by the Local Government Board or by their District Auditors; if, therefore, the accounts of *some* Urban District Councils may be kept on this system, why not *all?* The advantages of the system over that of "Receipts and Payments" are too well known to require demonstration here.

In the form of Financial Statement prescribed by the Local Government Board the words "Receipts and Expenditure" are used; it might appear there would be some difficulty in filling up the Financial Statement correctly where the accounts are kept on the basis of "Income and Expenditure." There need be no difficulty, however. The amounts of *income* and *expenditure* may be inserted if the amounts outstanding at the end of the financial year due to or by the Council are also inserted at the end of each part of the Financial Statement. The result is substantially the same as inserting the amounts actually received and actually paid.

An attempt has been made in the following pages to illustrate the method of keeping the accounts of Urban District Councils on the basis of Income and Expenditure. The accounts kept on this basis afford far greater facilities for ascertaining the true financial position of the Council than accounts kept on a basis of Receipts and Payments.

The present work is an attempt to supply a practical manual for the use of Clerks and Accountants or other accounting officers of Urban District Councils, and it is hoped that the work may be found of service to them, and also to members of Urban District Councils who are interested in the subject.

F. S. E.

Public Offices,
St. Anne's-on-the-Sea.
December 1905.

URBAN DISTRICT COUNCILS' ACCOUNTS.

CHAPTER I.

GENERAL DISTRICT REVENUE.

INCOME.

THE income of an Urban District Council on General Revenue Account is derived mainly from rates.

Highway Rate.—

In most districts the Council levy one rate only—the General District Rate—in some districts, however, the Council levy two rates, the General District Rate and the Highway Rate. In those districts where only the one rate is levied provision is made therein for the maintenance and upkeep of highways and other roads.

By Section 216 (1) of the Public Health Act, 1875, it is enacted that "where the whole of the district is rated for works of paving, water supply, and sewerage . . . . the cost of the repair of highways shall be defrayed out of the General District Rate." It is only where there are no works of paving, water supply, or sewerage established that a Highway Rate can be levied. (See Section 216 (3) Public Health Act, 1875.)

It may be mentioned incidentally that whereas by Section 211 (*b*) of the said Act certain properties therein specified are assessable to the General District Rate in the proportion of one-fourth part only of the net annual value thereof, this provision does not apply as regards the Highway Rate. As in nearly all urban districts there are, however, works of paving, or of water supply, or of sewerage, it will not be necessary to treat of the Highway Rate to any extent. It may be mentioned that the method of accounting for the two rates is precisely the same.

General District Rate.—

The "rate" hereinafter referred to is the General District Rate.

Rate Estimate.—

By Section 218 of the Public Health Act, 1875, the Council of every urban district, before proceeding to make the rate, is required to prepare an estimate of the money required for the purposes in respect of which such rate is made, showing:—

(*a*) The several sums required for each of such purposes.

(*b*) The rateable value of the property assessable.

(*c*) The amount of rate in the £ which for those purposes it is necessary to make.

The estimate of the amount required to be raised is made somewhat in the following form:—

Form 1.—

EXPENDITURE.

PURPOSE	Estimate 1904-5*	Actual Expenditure to 31st Jan. 1905*	Proposed Estimate 1905-6*
	£	£ s d	£
Administrative:—			
Salaries of Officers	1,110	891 7 0	1,250
Establishment Expenses	550	393 1 5	500
Election ditto	30	30 18 8	30
Legal and Parliamentary ditto	50	36 1 2	50
Loan Charges	50	8 12 0	20
	1,790	1,360 0 3	1,850
Public Works of:—			
Sewerage	600	591 1 7	650
Street Lighting	1,400	962 7 10	1,250
Secondary Roads	500	394 1 0	500
Other Roads	700	699 7 8	800
House Refuse Removal	500	376 12 2	450
Street Scavenging	300	222 18 1	250
" Watering	100	94 1 3	100
Fire Brigade	100	120 1 6	150
Hospital	500	446 7 11	500
Town Hall	250	209 11 2	250
Infectious Diseases Prevention	100	64 10 0	75
Parks, &c.	300	392 14 1	425
Town's Yard and Depôt	200	180 19 2	200
Refuse Destructor	200	151 3 2	200
Public Library	250	182 10 0	250
Contingencies	200	178 9 8	200
	6,200	5,266 16 3	6,250
Loan Instalments	803	627 9 9	900
Interest on Loans	650	586 6 4	700
	1,450	1,213 16 1	1,600
	£9,440	£7,840 12 7	£9,700

INCOME.

	Estimate 1904-5	Actual Receipts to 31st Jan. 1905	Proposed Estimate 1905-6
Rateable Value of District, £74,608.	£	£ s d	£
General District Rate @ 2s. 6d. in the £	8,950	8,902 14 9 (Estimated to produce after allowing for irrecoverables)	9,200
Grants from County Council:—			
Secondary Roads	200	200 0 0	200
Proportion of Salaries of Medical Officer and Sanitary Inspector	100	104 5 0	110
Services of Fire Brigade	20	25 13 8	10
Bank Interest	30	13 9 10	20
Interest from Private Street Works Frontagers	150	97 5 2	150
Sundry other Receipts	70	118 14 11	120
	£9,520	£9,462 3 4	£9,810

1905-6	£
Total Estimated Receipts	9,810
" " Payments	9,700
Estimated Surplus	£110

It is important that great care should be exercised in estimating the amount likely to be required during the ensuing year, as the estimate is largely the basis of the finances. In the larger urban districts each Committee prepares its own estimate in greater detail than in the form given above, but only the total amount required by each Committee need be entered in the estimate placed before the Council.

The estimate must be entered in the Rate Book, and be open to public inspection during office hours.

Period of Rate.—

The estimate for the rate should be prepared and submitted to the Council, and the Council should decide upon the amount of rate in the £ not later than the end of February, in order to allow sufficient time for the writing up of the Rate Book by the 1st April, on which day the rate should be made and levied, so that it will cover the whole of the year. The rate only covers the period from the date upon which it is levied to the 31st March next following. (Section 211 (2) of the Public Health Act, 1875.) Thus where the rate is levied, say, on the 1st June there would be no rate in force between the 1st April and the 31st May, and a person occupying a house or other hereditament between those dates could not legally be compelled to pay rates for that period, there being no rate in force; on the other hand, a person going to reside in that district on the 1st June would have to pay the full amount of the rate in respect of the house he occupied, instead of ten-twelfths, had the rate been levied on the 1st April instead of 1st June. It will be seen, therefore, that it is important the rate should be levied wherever possible on the 1st day of April, or as soon after as is practicable.

Assessment of Rate.—

The rate is to be made and levied on the occupiers of all kinds of property assessable to the Poor Rate, and is assessed on the net annual value of such property according to the Valuation List for the time being in force. (Section 211 of the Public Health Act, 1875.)

Joint Collection of Rates.—

By the Local Government Act, 1894, the power of appointing Assistant Overseers was (provisionally) transferred to Urban Authorities, so that it is now possible to arrange for the joint collection of the General District Rate and the Poor Rate. Where the Urban District Council have obtained an Order of the Local Government Board (which is necessary under the provisions of the Act) vesting in them the power to appoint Overseers and Assistant Overseer, it will be convenient to have both rates, the General District Rate and the Poor Rate, written up in one Rate Book.

A form is appended.

Form 2.—

TOWNSHIP OF ———

POOR RATE made the.....day of.....190..

Name of Occupier	Situation or Description of Dwelling-house	Name of Occupier coming in after the making of the Rate and the date when the occupation commences	POOR RATE										
			Number	Name of Occupier	Name of Owner	Description of Property	Name or Situation of Property	Estimated Extent	Gross Estimated Rental	Rateable Value of Agricultural Land	Rateable Value of Buildings and other Hereditaments not being Agricultural Land	Amount of Rate at in the £ on Agricultural Land, and at in the £ on other Hereditaments	
												Assessed upon Occupier	Assessed upon Owner, subject to allowance under Sec. 4 of the Poor Rate Assessment and Collection Act, 1869
		1A	1	2	3	4	5	6	7	8	9	(a)	(b)
							No. of House	A. R. P.	£ s d	£ s d	£ s d	£ s d	£ s d

POOR RATE COLLECTION ACCOUNT

Recoverable Arrears of former Rates (if any)	Total Amount to be Collected	First Balancing					Second Balancing						Recoverable Arrears
		Amount actually Collected	Receipt No.	Amount allowed to Owner under 32 & 33 Vict. c. 41	Amount Legally Excused	Otherwise Uncollected at First Balancing	Amount actually Collected	Receipt No.	Amount allowed to Owner under 32 & 33 Vict. c. 41	Amount Legally Excused	Irrecoverable: Otherwise not recoverable		
											Appeals	Other Items	Causes
11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
£ s d	£ s d	£ s d		£ s d	£ s d	£ s d	£ s d		£ s d	£ s d	£ s d	£ s d		£ s d

——— URBAN DISTRICT COUNCIL.

GENERAL DISTRICT RATE made the.....day of.....190..

GENERAL DISTRICT RATE COLLECTION

Assessment No.	Value upon which General District Rate is Assessed			Amount of Rate in the £ at	Recoverable Arrears of former Rates (if any)	Amount to be Collected according to Cols. 30 & 31	Collections		Total Amount actually Collected	Receipt No.	Uncollected at Balancing this Book				Recoverable Arrears
	Full Rateable Value, Houses, &c.	One-fourth of Rateable Value, Lands, &c.	Two-thirds of Rateable Value (where Owner is Assessed)				1st Instalment	2nd Instalment			Irrecoverable: Appeals	Poverty	Other Items	Causes	
26	27	28	29	30	31	32	33	34	35	36.	37	38.	39	40	41
	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d		£ s d	£ s d	£ s d		£ s d

Where this form of Rate Book is used it will also be found convenient to adopt the following forms of Rate Demand and Rate Receipt.

Form 3.—

——— UNION. TOWNSHIP OF ———

POOR RATE DEMAND NOTE.

Mr......

The Overseers of the Poor demand payment of the Poor Rate, made the day of 190 , to meet expenses which will be incurred before the 31st day of March next, and of the Arrears of former Rates (if any) as below, now due from you, in respect of the hereditaments of which the Assessment Number and the rateable value are stated below.

Assessment No.	Description of Property.	Rateable value	Amount of Rate at in the £ on Agricultural Land and at in the £ on other Hereditaments.
		£ s	£ s d
	Buildings and other Hereditaments not being Agricultural Land ..		
	Agricultural Land		
	Arrears		
	Total .. £		
	Amount payable by Owner, provided it is paid within the time prescribed by the Statute 32 & 33 Vict. c. 41, s. 5.		

Purposes for which the above Poor Rate was made, and amount in the £ levied for each purpose, half the amount being levied on Agricultural Land.

	Amount in the £ s. d.
Relief of the Poor and other Expenditure of the Guardians	
County Contributions	
Urban District Council.—Education other than Elementary	
Expenses of Overseers	
Total	

THE POOR RATE IS DUE ON DEMAND AND MUST BE PAID IN ONE AMOUNT.

URBAN DISTRICT COUNCIL OF ———

GENERAL DISTRICT RATE DEMAND NOTE.

Address.....

The Urban District Council of —— demand payment of the General District Rate, made the day of , 190 , for the period ending 31st March 190 , and of the Arrears of former Rates (if any), as below, due from you in respect of the hereditaments of which the Assessment Number and rateable value are stated on accompanying Demand Note.

Description of Property.	Rateable Value	Amount of General District Rate at in the £
	£ s	£ s d
On Full Rateable Value of Houses, Buildings, &c.		
On One-fourth of the Rateable Value of Land, &c.		
Arrears		
Total .. £		

The above General District Rate is made to meet the expenses of the Urban District Council, under the Public Health Act 1875, and other Statutory Enactments [and must be paid in one amount], or, [and may be paid in two instalments, the first of which must be paid on or before the 31st July, and the second on or before the 31st October].

TOTAL AMOUNT OF BOTH RATES £

Assistant Overseer and Collector.

Form 4.—

Consecutive No..... *No. of Assessment*.....

RECEIPT FOR POOR AND GENERAL DISTRICT RATES.

TOWNSHIP AND URBAN DISTRICT OF ———.

The.....*day of*.....*190*....

RECEIVED FROM MR. .....*the sum of*..... *Pounds* ..... *Shillings and*..... *Pence in respect of the Poor Rate and the General District Rate made the*.....*day of*.....*190*...., as below:—

	RATEABLE VALUE. £	£	s	d
POOR RATE—				
At ..... in the £ on Houses, Buildings, and other Hereditaments not being Agricultural Land				
At ..... in the £ on Agricultural Land				
Arrears of former Rates				
	TOTAL £			
Allowance to Owner at .... per cent.				
Received from Owner				
GENERAL DISTRICT RATE at .... in the £—				
On Full Rateable Value of Property other than Land				
On one-fourth the Rateable Value of Land, &c.				
Arrears of Former Rates				
(*Signed*) TOTAL AMOUNT RECEIVED .. £				

Assistant Overseer and Collector.

It will be necessary to obtain the consent of the Local Government Board before the forms of Rate Book, Rate Demand, and Rate Receipt given above are adopted, but it is confidently believed that the Board will readily grant their consent to a scheme for the joint collection of the General District Rate and Poor Rate, where the adoption of such a scheme is calculated to be of benefit to the district.

There is a growing tendency nowadays in the direction of the combination and consolidation of the rates, and it need scarcely be pointed out that by the joint collection of the District and Poor Rates a great saving is effected in the cost of collection.

Rate Book.—

With regard to the actual writing up of the Rate Book, and the posting therein of the Rate Receipts, there appears to be some difference of opinion as to whether this should be done in the Clerk's (or Accountant's) Department, or in the Collector's Department. Article 7 of the Accounts Order of 1880 leaves it optional. There can be no fixed rule, and the question must be decided by the Council of each several district.

Where it is possible, however, to have this work done in the Clerk's (or Accountant's) Department, that course is recommended, on the ground that there is little or no security against irregularities where one officer writes up the Rate Book, collects the rate, and posts up the receipts.

Rate Demands.—

After the rate has been made and levied, and the Rate Book duly sealed with the Common Seal of the Council, the making out of the demands should next be proceeded with, and as soon as *the whole* of these have been made out (not before), the Collectors should commence to deliver them, and the work of delivering them should be carried out continuously, and as speedily as possible, until they have all been delivered.

The practice prevails in some districts of having the Demand Notes made out for a portion of the district and for these to be delivered, then to make out another batch of Demand Notes and to deliver these, and so on. It is far preferable, however, to have the demands made out for the whole of the district before the work of delivering them is commenced.

Written Applications for Payment of Rates.—

The sending out of written applications for the payment of rates, and especially the sending out of First, Second, and Final Notices prior to proceedings for the recovery of the rates, should be discouraged, as, where this is done, the ratepayers get into the habit of waiting until they receive the "Final Notice" before paying their rates, and little or no attention is paid to the Demand Notes. Written applications for the payment of rates should be limited to one (beyond the Demand Note), and the following form is suggested:—

Form 5.—

——— URBAN DISTRICT COUNCIL.

GENERAL DISTRICT RATE.

SIR (OR MADAM),

I am directed to call your attention to the fact that your General District Rate remains unpaid, and to request payment thereof within 7 days from this date.

In default, my instructions from the Council are to institute proceedings for the recovery of the amount due, without any further notice whatsoever.

Yours truly,

.....

Collector.

[This Form (altered where necessary) is also applicable to the Poor Rate.]

If possible, *all* these applications should be sent out the same day to those ratepayers whose rates remain unpaid on a certain date, say, the 1st November, or such other date as is considered suitable. The 1st November is suggested as the date for making final application for the payment of rates prior to the institution of proceedings for the recovery thereof, in order that there may be sufficient time within which to recover the amounts during the currency of the rate, and in order to avoid the carrying forward of arrears of rate; moreover, if the rate is levied in April, and the demands served shortly after, the ratepayers will have had plenty of time within which to pay their rates before the date suggested.

Proceedings for Recovery of Rates.—

The week following the date upon which these applications have been made a list should be prepared of all ratepayers whose rates *then* remain unpaid, and summonses issued forthwith against the whole of them.

Unfortunately, many Collectors, whose duty it is to issue summonses for the recovery of rates, do so in batches of six or seven, ten or a dozen, periodically; this consequently results in a great loss of time. If the summonses are all issued at the same time not only is there a great saving of time, but the arrangement is a far more equitable one.

Section 256 of the Public Health Act provides for the recovery of rates in a Court of Summary Jurisdiction. It should be remembered that the rate is irrecoverable unless proceedings for the recovery thereof are commenced within six months from the date of demand.

Arrears of Rate.—

With regard to Arrears of Rate, only in very exceptional circumstances (as, for instance, where the occupier locks up his house and leaves in August for the Continent, where he remains until the following May; or in cases of bankruptcy, where the division of the estate is delayed beyond the close of the financial year,—or other exceptional circumstances) should there be any arrears of rate.

The practice of allowing rates to be outstanding at the close of the year should be avoided. Cases of doubtful arrears, where the persons are unable to pay by reason of poverty, should, with the consent of the Finance Committee, be written off as irrecoverable, and not carried forward as outstanding arrears. On the other hand, it follows that arrears at the close of the rate which *are* recoverable might, in nearly every case, have been recovered previously; hence there is apparently no reason why (unless in very exceptional circumstances) there should be *any* arrears of rate outstanding at the close of the financial year. It may possibly be that Collectors are oversanguine, and carry forward arrears, in the hope of recovering them ultimately, which had better perhaps have been written off as irrecoverable; but it is a fact that seldom, if ever, is the total amount of arrears of rate outstanding at the close of the year collected during the following year!

Irrecoverable Amounts of Rate.—

The list of irrecoverable rates should be prepared by the Collector and submitted to the Finance Committee, or to some of the members thereof appointed for the purpose, who should examine the list, and, if satisfied as to its correctness, the Chairman should sign it.

The list should state clearly the reasons why the several amounts of rate have not been paid.

Deposits with Treasurer.—

The amounts received by the Collector should be deposited daily with the Treasurer, or at frequent intervals. The Collector might also keep a Counterfoil Paying-in Book, in which are set out the amount of gold, silver, and copper, and the amounts of each cheque paid in to the Treasurer. (The names also of each person from whom the cheques are received might be inserted, though this is not essential.)

This would be a most efficient check, and would be useful both to the Clerk (or Accountant) and to the District Auditor.

Entries in Rate Book.—

The entries from the counterfoils of the Rate Receipt Book into the Rate Book should be made *daily*.

Receipts other than Receipts from Rates.—

Where, as is almost always the case, the Collector is in receipt of other moneys in addition to the amounts received in respect of rates, the following form of Collecting and Deposit Book will be found convenient.

Form 6.—

COLLECTING AND

General District Rate Receipts				Electric Lighting Receipts				Receipts from			
Date Received	No. of Receipt	No. of Assessment	Amount	Date Received	No. of Receipt	Amount	Date Received	No. of Receipt	Frontagers' Repayments	Interest on Private Street Works
			£ s d			£ s d			£ s d	£ s d

DEPOSIT ACCOUNT.

.....

Collector to the Council.

Other Sources												Deposits with Treasurer	
(*Note.*—These columns to be used for such other Receipts as Licenses, Private Roller Hire, Sundry Sales, &c. &c. as are required.)								Improvements, Steam		Total Receipts		Date	Amount
£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d		£ s d

The usual receipts, in addition to those from rates, are in respect of:—

(1) Grants from the County Authority towards—

(*a*) Main Roads,

(*b*) Secondary Roads,

(*c*) Salaries of Medical Officer and Inspector of Nuisances.

(2) Licenses.

(3) Public Conveniences.

(4) Services of Fire Brigade.

(5) Private Improvement Works (other than Private Street Works).

(6) Sundry Sales.

(7) Private Street Works.

There are others, of course, but the above are some of the most usual.

Sundry Debtors' Journal.—

The amounts in respect of each of the foregoing, with the exception of Private Street Works (as to which see Chapter III., p. 79), should be entered in a Day Book or Journal as they become due, the person from whom the amount is due being debited and the Impersonal Account credited therefrom. On payment being received by the Collector (or Treasurer, as the case may be) the person from whom payment is received is credited, and the Collector, or Treasurer, debited therewith.

The following form of Journal is suggested as being applicable:—

Form 7.—

Date due	Name and Address of Person from whom due	Particulars of Account	Personal Ledger fo.	Dr.		Impersonal Accounts to be Credited									
				Details	Total	Licenses		Fire Brigade		Main Roads		Private Improvements		Public Conveniences	
						Ledger fo.		Ledger fo.		Ledger fo.		Ledger fo.		Ledger fo.	
				£ s d	£ s d	£ s d		£ s d		£ s d		£ s d		£ s d	

The book might be balanced off at the end of each month, and the Impersonal Accounts credited with the monthly totals, the Personal Ledger Accounts being debited with each item separately.

A "Sundry Debtors' Account," of which a form is given below, would be found, in cases where only a single transaction with any individual is anticipated, more convenient than to make the entries in the Personal Ledger; in all other cases where there are a number of items for one individual, a Personal Account should be opened.

Form 8.— SUNDRY DEBTORS' ACCOUNT.

					Dr.	*Cr.*			
Date Due	Name of Debtor	Particulars of Account	Folio of Journal	Details	Total Amount Due	Amount Received	Receipt No.	Discounts or Allowances	Arrears carried forward
				£ s d	£ s d	£ s d		£ s d	£ s d

Another method, and one that would involve less labour, would be to have a "Sundry Debtors' Account" drawn up on the same principle as the Rate Book, which would serve the same purpose as both the Journal and the previous form of Sundry Debtors' Account. It should be clearly understood that this form is not so advantageous in those Districts where the Council makes a practice of executing work for, or supplying materials to, private individuals to any large extent; in such districts as these the better plan is to use a Journal in the form No. 7 in conjunction with a Personal Ledger. The following is a ruling:—

Form 9.—

			Dr.		*Cr.*			Impersonal Accounts to be Credited				
Date due	Name and Address of Debtor	Particulars of Account	Details	Total Amount due	Amount received	Allowances	Arrears carried forward	Licenses Led. fo...	Fire Brigade Led. fo...	Main Roads Led. fo...	Private Improvements Led. fo...	Public Conveniences Led. fo...
			£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d

The advantage of accounting for these items in this way over the more usual method of crediting the Impersonal Accounts with the amounts *received* is at once apparent. The amount outstanding at the close of the financial year due from sundry debtors is clearly shown in the Sundry Debtors' Account Book, and is brought as an asset into the General Balance Sheet. Moreover, the amount outstanding at any time is always readily obtainable, if the entries from the counterfoils of the General Receipt Book are regularly and punctually made. These entries should be made *daily* in the same way as are the entries in the Rate Book.

General District Rate Collection Account, &c., in Ledger.—

The method of dealing with the General District Rate Collection Account, the Sundry Debtors' Account, and the Collector's Account in the General Ledger is shown in the Appendix on pp. 120, 121, and 122.

CHAPTER II.

GENERAL DISTRICT REVENUE.

EXPENDITURE.

THE usual heads of expenditure of an Urban District Council are:—

(1) Tradesmen's Accounts.
(2) Stores.
(3) Wages (*a*) Manual Labour,
(*b*) Team Labour.
(4) Administrative (or Management) and Establishment Expenses.
(5) Loan Instalments and Interest (or Sinking Funds and Interest).
(6) Petty Cash Expenditure.

These will be found dealt with in the following pages in the order given above.

(1) TRADESMEN'S ACCOUNTS.

Order Check Book.—

A written order, "signed by the Clerk, or other duly authorised officer" (Accounts Order, 1880), should be given for all goods, &c., required.

The following triplicate form of order is suggested:—

Form 10.—

— URBAN DISTRICT COUNCIL.

COUNTERFOIL.

No.

Date.....190

M.....

— URBAN DISTRICT COUNCIL.

ORDER.*

No.

Date.....190

M.....

*To be Retained by Tradesman.

Debited to.....*A/c*

(*Signed*)

[Clerk] [Accountant] [Surveyor]

— URBAN DISTRICT COUNCIL.

INVOICE.

(To be returned, accompanied by an Invoice or the firm executing the Order, containing full particulars of goods supplied or work done.)

No.

Dr. to .....

Date	Particulars	Rate	£ s d
	TOTAL	£	

(*Signed*)

NOTE.—This Order is to be retained by the Tradesman, but the Invoice *must be returned immediately* after the Order has been completely executed, to the [Clerk] [Accountant] Public Offices, for reference and for production at the Audit.

Examined and compared with Invoice Journal Folio.....and found correct.

.....

[*Clerk*] or [*Accountant*]

Examined and passed,

.....190

.....

Surveyor.

The account to be debited should be clearly shown on the Order Counterfoil.

Orders to Tradesmen.—

The *particulars* of all Goods, Stores, Repairs, or Work ordered should be entered in an Invoice Journal from the Order Counterfoils in numerical order. On receipt of the invoices these should be compared with the particulars in the Invoice Journal (not with the Order Counterfoil), and the *amounts* are then entered therein from the invoices. This method affords great facility in the checking of invoices, and a glance at the book will readily show how many and which invoices are out. Care should be taken to obtain these at the earliest possible date. Below are forms of application for invoices to be sent in.

Form 11.—

APPLICATION FOR INVOICES.

— U. D. Council,
Town Hall,
[ ]
.....190

DEAR SIR(S),

Kindly return at your early convenience Invoice No..... containing particulars of your Account, together with your own Invoice.

Yours truly

[*Clerk*] or [*Accountant*]

M.....

Form 12.—

SECOND APPLICATION FOR INVOICES.

—— U. D. Council,
Town Hall,
[ ]
.....190

DEAR SIR(S).

2ND APPLICATION.

Kindly return Invoice No..... together with your own Invoice, as previously requested. **The delay is causing some amount of inconvenience.**

Yours truly,

[Clerk] or [Accountant]

M.....

Tradesmen's Invoices.—

Every tradesman with whom the Council does business should be required to forward, in addition to the form of invoice supplied by the Council, an invoice made out on his own bill-form or bill-head. The former should be filed away in consecutive order for comparison by the District Auditor with the Invoice Journal, the latter placed ready for submission to the Finance Committee, or such other Committee which has to pass payment of same.

Invoices should on no account be made out by an officer of the Council; his doing so is open to objection, and should not be permitted.

Invoice Journal should be entered from Order Counterfoils.—

In many districts the method is adopted of comparing the invoices, as they are received, with the Order Counterfoils, and afterwards entering the particulars (as well as the amounts)

from the invoices into the Invoice Journal. This method does not, however, afford the same facilities, either for checking the invoices or for ascertaining which invoices are out, as the method advocated above; moreover, it entails more labour, as the corresponding Order Counterfoils of those invoices that are received will have to be marked in some way, in order to distinguish which invoices have been received and which have not. It has been found in practice that it is better to enter the Invoice Journal *from the Order Counterfoils* in the manner suggested, rather than to wait until the invoices have been received.

The Invoice Journal should be balanced off monthly, the monthly totals being posted to the debit of the respective Impersonal Accounts in the Ledger, and the details posted to the credit of the various tradesmen executing the orders, in a Tradesmen's Ledger.

Tradesmen's Ledger.—

The practice of keeping a Tradesmen's Ledger is not so frequently adopted as it deserves to be; if a proper system of double-entry bookkeeping is to be followed, a Personal Ledger for Tradesmen's Accounts is essential. The extra labour involved by the keeping of this book is scarcely appreciable, and the advantages that accrue in consequence are well worth the slight additional work entailed. The great advantage is that the outstanding liabilities of the Council can always be readily obtained therefrom. An ordinary double Cash column Ledger will suffice; a special ruling is unnecessary.

The tradesmen's credits are obtained from the Invoice Journal, and the debits from the Treasurer's Cash Account when payment is made.

A suitable form of Invoice Journal is shown hereunder:—

Form 13.—

INVOICE JOURNAL.

—— URBAN DISTRICT COUNCIL.

ALLOCATION OF COST.

Date	No. of Order	Name	Details	Weight	Yards	Gallons	Quantity	Rate	Cost	Totals	Folio of Personal Led.	Where Expended	Main Roads		Other Roads		Sewerage		House Refuse Removal		Street Scavenging		Street Watering		Parks and Pleasure Grounds		Stores Account	
													L. fo.	£ s d	L. fo.	£ s d	L. fo.	£ s d	L. fo.	£ s d	L. fo.	£ s d	L. fo.	£ s d	L. fo.	£ s d	L. fo.	£ s d
				T. c. q. lb.					£ s d	£ s d																		

Requisition Book.—

In theory, prior to the issue of any orders for goods, &c., that may be required, particulars thereof should be entered in the Requisition Book, which should be submitted to the responsible Committee, and signed by the Chairman. In practice, however, this policy cannot always be followed, because the responsible officer is seldom able to tell exactly what his requirements for the ensuing month will be, as matters are constantly arising which require immediate attention, and of which the officer could have had no cognisance at the time of submitting his Requisition Book. Under circumstances such as these, perhaps the best thing would be for the officer to carry out the works on his own responsibility, and to enter the particulars of what his requirements have been, in executing the work, in the Requisition Book, and submit it to the Committee at their next subsequent meeting. True, it appears to be somewhat illogical to enter particulars of requirements in a Requisition Book *after* they have been obtained, but if this is done, and the book submitted to the Committee and approved by them, it serves as a ratification of the action of the officer.

(2) STORES.

Store Yard Accounts.—

Most Urban District Councils possess a Stores Yard, or Depôt, where stores to the value of some hundreds of pounds are kept. Unless a system is adopted whereby the Accounts of Stores Received or Delivered can be readily checked, there may be a considerable loss from leakages—*i.e.*, materials taken from the Store Yard and not accounted for.

A record should be kept by the Storekeeper of all materials which are received into or delivered from the Store Yard.

The following forms of Receipt and Delivery Notes are suggested as being suitable for this purpose:—

Form 14.—

——— URBAN DISTRICT COUNCIL.

Town's Yard.....190

The following Stores have been received from.....

	Tons	Cwts.	Qrs.	Lbs.
.....				
.....				
.....				
.....Gallons.				
.....Yards.				

Signed.....Storekeeper.

Examined.....
Clerk [or Accountant].

Form 15.—

——— URBAN DISTRICT COUNCIL.

.....190

To the Clerk [or Accountant],
Town Hall.

The following Stores have been supplied to.....
for use in connection with.....

	T.	C.	Q.	Lbs.	Rate	£	s	d
.....								
.....								
No.....								
.....Gallons.....								
.....Yards.....								
.....Quantity.....								
					£			

(Signed).....Storekeeper.

(Examined).....
Clerk [or Accountant].

These should be handed by the Storekeeper to the Accounting Officer periodically, but not less seldom than once a week. On receipt thereof the Accounting Officer can then enter up the Stores Journal, of which the following is a form:—

Form 16.—

Dr. ——— URBAN DISTRICT COUNCIL. *Cr*

STORES ACCOUNT.

STORES RECEIVED.

Date	No. of Receipt Note	From whom Received	Description of Stores	Weight	Yards	Gallons	Rate	Amount	Main Roads Led. fo.	Other Roads Led. fo.	Sewerage. Led. fo.	Parks and Pleasure Grounds Led. fo.	The spaces are for such other heads of Expenditure as are necessary Led. fo.	Total
				T. c. q. lb.				£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d

STORES DELIVERED.

ALLOCATION OF STORES DELIVERED.

Date	No. of Delivery Note	Name of Account or Person to be debited	Description of Stores	Weight	Yards	Gallons	Rate	Main Roads Led. fo.	Other Roads Led. fo.	Sewerage. Led. fo.	Parks and Pleasure Grounds Led. fo.	The spaces are for such other heads of Expenditure as are necessary Led. fo.	Total
				T. c. q. lb.				£ s d	£ s d	£ s d	£ s d	£ s d	£ s d

Form 17.—

.....190

Authority given to

.....

to obtain

.....

.....

.....

.....

.....

.....

(Signed).....

Foreman.

.....190

To the Storekeeper,

Town's Yard and Depôt,

[ ]

Please supply to Mr. .....

the following stores, [tools], viz.:—

.....

.....

.....

.....

.....

.....

Signed.....

Foreman.

This Ticket is to be produced to the [Clerk] [Accountant] for reference.

The Stores Book debits are obtained from the Invoice Journal; the Stores Book credits are posted in the Ledger to the debit of the respective Impersonal Accounts. This book should also be balanced off monthly, and the monthly totals posted instead of the details.

The Stores Receipt Notes handed in by the Storekeeper should be carefully compared with the items charged against the Stores Account in the Invoice Journal to see that they agree.

With regard to Stores Delivered, the Storekeeper should not deliver stores or materials of any description without a written order from a responsible foreman, such orders to be handed to the Accounting Officer for comparison with the Stores Delivery Notes. This would enable an effective check upon all stores, &c., delivered, to be made.

A form of Foreman's Order Book is given on p. 30.

Stocktaking.—

At the close of the year a stocktaking should take place, and the correct value of the stores and materials on hand at that date ascertained, and the amount placed to the credit of the Stores Account, the difference, which represents profit or loss, being carried to the General District Revenue Account, and an explanation of such profit or loss rendered to the District Auditor at the annual Audit of the accounts. A detailed statement as to the quantities and value of the stores should be prepared by the storekeeper and certified by him.

The method of dealing with the Stores Account in the Ledger will be found on p. 123 in the Appendix.

(3) WAGES.

Wages Book.—

By the General Order a form of Wages Account is prescribed. In the larger urban districts, however, the form is inapplicable, as insufficient space is allowed therein for the proper allocation of the wages, and the following form is suggested.

Form 18.—

WAGES BOOK.

——— URBAN DISTRICT COUNCIL.

Week ending the ..... day of ..... 190.., being the ..... week of the Year ending 31st March 190..

Workmen's Names	Occupation	Week ending ..... day of ..... 190.. F	S	S	M	Tu	W	Th	Number of Days	Number of Hours	Rate per Week	Rate per Day	Rate per Hour	Total Amount due to Workmen £ s d	Establishment Expenses L. fo. £ s d	Other Roads L. fo. £ s d	Secondary Roads L. fo. £ s d	Sewerage L. fo. £ s d
1																		
2																		
3																		
4																		
5																		
6																		
7																		
8																		

Workmen's Signatures	Team Labour L. fo. £ s d	Steam Roller L. fo. £ s d	Street Scavenking L. fo. £ s d	House Refuse Removal L. fo. £ s d	Refuse Destructor L. fo. £ s d	Parks, &c. L. fo. £ s d	Stone Breaker L. fo. £ s d	Infectious Diseases Prevention L. fo. £ s d	Offices L. fo. £ s d	Depôt L. fo. £ s d	Sand Removal L. fo. £ s d	Fire Brigade L. fo. £ s d	Public Conveniences L. fo £ s d	Stock and Stores L. fo. £ s d	Private Improvements L. fo. £ s d	Total Amount Paid to Workmen £ s d
1																
2																
3																
4																
5																
6																
7																
8																

I hereby certify that I have paid the sums set opposite to the Names of the several Workmen on Saturday, the ..... day of ..... 190..

(Signed).....

Form 19.— ——— URBAN DISTRICT COUNCIL.

WORKMAN'S TIME SHEET.

Week ending.....

	Total Number of Hours	Details Hours	
FRIDAY.			
SATURDAY.			
MONDAY.			
TUESDAY.			
WEDNESDAY.			
THURSDAY.			
TOTAL HOURS...			

Examined and certified correct, *Signed*.....

Road Foreman..... *Workman.*

THE PORTION BELOW IS RESERVED FOR OFFICE USE.

HOURS. ALLOCATION.

Fri.	Sat.	Mon.	Tues.	Wed.	Thur.	Total	Rate		£	s	d
.....	.....	.....	.....	.....	.....	.....	.....	.....Account..	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	..... Do. ..	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	..... Do. ..	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	..... Do. ..	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	..... Do. ..	.....	.....	.....
					TOTAL HOURS.....			Total.....£			

In a great many urban districts the Surveyor is responsible for the keeping of this book. In some of the larger districts, however, it is kept, along with all other books of account, in the Accountant's Department. Where the latter course is in operation the Surveyor, or his responsible foreman, should sign the workmen's Time Sheets before they are handed in to the Accounting Officer, for entry of the particulars therein into the Wages Book.

A convenient form of Workman's Time Sheet is given on p. 33. It will be observed that sufficient space has been allowed for the allocation of the men's time, which should be done under the supervision of the Surveyor.

Payment of Wages.—

As regards the actual payment of the wages, this should be done by a responsible clerk in the Surveyor's Department, or, at any rate, the officer to whom is assigned the duty of paying the wages should not be the same officer responsible for the entries into the Wages Book. It is generally recognised that it is comparatively easy to avoid discovery of any irregularities where the same officer is responsible for the entering up of the Wages Book and the payment of the wages; hence the suggestion that these duties should be carried out by separate officers, which serves as a check against irregularities.

As regards the Accounting for wages paid, the Surveyor, or other officer in whose favour the wages cheque is drawn, is credited with the weekly totals of wages paid, the various Impersonal Accounts in the Ledger being debited from the Wages Book with the amounts incurred in respect of each. If preferred, the weekly totals may be summarised, and the amounts posted once a month instead of once a week.

Team Labour.—

Team labour executed by the Council's own teamsmen should be entered into a Journal, or Summary, somewhat in the following form:—

Form 20.—

——— Urban District Council.

TEAM LABOUR SUMMARY.

ALLOCATION OF TEAMSMEN'S TIME.

Week ending 190	Name of Workman	Total Number of Days	Secondary Roads	Other Roads	Street Improvements	Sewerage Maintenance	Scavenging	House Refuse Removal	Refuse Destructor	Stonebreaker	Parks, &c.	Street Watering	Sand Removal	Offices	Depôt	Private Improvements	Ledger Folio	£ s d	Total £ s d

The Team Labour Account in the Ledger should be debited with the actual cost of maintaining the horses, carts, &c., and with the wages of the teamsmen, and credited with the value of teamwork executed for the various departments of the Council, the Impersonal Accounts in the Ledger being debited accordingly. The account kept in this way will afford a comparison of the cost of hired team labour with team labour executed by the Council's teamsmen.

Hired Teamsmen.—

A convenient method of dealing with Hired Team Labour, and one that has been found useful in practice, is for the Surveyor, or other officer responsible for the payment of wages, to be paid a cheque at the beginning of the month sufficient to defray the cost of hired team labour during the month, and for the hired teamsmen to be paid through a Wages Book, precisely in the same manner as the wages of the Council's own workmen are dealt with.

The hired teamsmen are required to fill in a Time Sheet somewhat similar in form to the Workman's Time Sheet, which should be examined and signed by the Surveyor or his responsible foreman.

Forms of Wages Book and Time Sheet suitable for hired team labour are appended.

Form 21.—

——— Urban District Council.

TEAM LABOUR HIRE WAGES BOOK.

Week ending the.....day of.....190 , being the.....week of the Year ending 31st Mar. 190..

Name of Owner	Name of Carter	Week ending ..... day of..... F	S	S	M	Tu	W	Th	Number of Days	Rate per Day	Total Amount Due £ s d	Secondary Roads L.fo. £ s d	Other Roads L.fo. £ s d	Parks and Pleasure Grounds L.fo. £ s d	Sewerage L.fo. £ s d	Removal of House Refuse L.fo. £ s d	Street Scavenging L.fo. £ s d	Refuse Destructor L.fo. £ s d	Sand Removal L.fo. £ s d	Stone Breaker L.fo. £ s d	Stock of Stores L.fo. £ s d	Establishment L.fo. £ s d	Offices L.fo. £ s d	Total Amount Paid £ s d	Carters' Signatures
1																									1
2																									2
3																									3
4																									4
5																									5
6																									6
7																									7
8																									8
9																									9
10																									10

I hereby Certify that I have paid the sums set opposite to the names of the several signatories on Saturday, the.....day of.....190..

(Signed).....

D

Form 22.—

——— URBAN DISTRICT COUNCIL.

HIRED CART TIME SHEET.

Week ending ..... 190....

Name of Owner..... Name of Carter .....

Date	No. of Loads	Materials	From	To	Time Employed
				Total ..	

THE LOWER PORTION OF THIS SHEET IS FOR OFFICE USE ONLY.

Days.							Allocation.	Rate per Day.	
F	S	M	Tu	W	Th	Total			£ s d
								7/-	
								"	
								"	
								"	
								"	
								"	
								"	
								"	
Total Days ..							Total .. £		

NOTE.—*This Sheet, containing full particulars of each load, must be delivered to the Road Foreman, ———, not later than 12 o'clock noon on Friday.*

The method of accounting is precisely the same as in the case of Workmen's Wages. (See p. 34.)

Steam Road Roller Account.—

In those districts where Local Authorities possess their own steam road rollers, a "Steam Road Roller Account" should be opened in the Impersonal Ledger, which should be debited with the actual *cost* of maintaining the road rollers—such as Cost of Repairs, Coals, Oil, Waste, Water, &c.—and with the wages of the roller drivers, and credited with the exact *value* of road rolling executed on the various roads—Main Roads, Secondary Roads, and other roads—and also with the value of any road rolling executed for contractors or other persons, the profit (being the difference between the actual cost and the amount charged) being carried to the credit of the General District Revenue Account at the end of the financial year.

This account may be dealt with exactly in the same way as the Team Labour Account, as to which see p. 37.

(4) ADMINISTRATIVE (OR MANAGEMENT) AND ESTABLISHMENT EXPENSES.

These consist of Salaries of Officers, Rents, Rates, Taxes and Insurance, Printing, Stationery, and Advertising (although printing and stationery items may be dealt with through the Invoice Journal).

The usual practice is to post to the debit of the Impersonal Accounts from the Treasurer's Cash Book the *payments* as they are made.

The same method, however, of dealing with these items of expenditure is suggested as is adopted in dealing with Tradesmen's Bills, Stores, and Wages—that is, of passing them through a Journal as they become due, debiting the Impersonal Accounts in the Ledger and crediting the persons to whom the amounts are due therefrom.

Form 23.— JOURNAL.

Date due	Name	Particulars	Personal Ledger folio	Details	Total	Impersonal Accounts to be Debited																													
						....A/c.		....A/c.		....A/c.		....A/c.		....A/c.		....A/c.		....A/c.		....A/c.		....A/c.		....A/c.		....A/c.		....A/c.		....A/c.		....A/c.	
						L. fo.		L. fo.		L. fo.		L. fo.		L. fo.		L. fo.		L. fo.		L. fo.		L. fo.		L. fo.		L. fo.		L. fo.		L. fo.		L. fo.	
				£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d

The method of posting the *payments* from the Cash Book is certainly less troublesome than the method above advocated, but it is not so correct, as will be seen from the following example. Certain items become due on the 1st March, but are not paid until April; by the former method the Impersonal Accounts would not be debited until April, the date the payments were made. But the items became due on the 1st March, and are outstanding liabilities at the end of the year, and should be shown as such. This could be accomplished if the mode of dealing with them advocated herein were adopted.

The principle involved is that of recording the transactions as they take place and of charging "expenditure" instead of "payments," which is the principle adopted by nearly all commercial firms, and its general adoption by Urban District Councils is confidently looked forward to in the near future.

A form of Journal is given on p. 40.

The book may be balanced off monthly, the various Impersonal Accounts in the Ledger being debited with the monthly totals, and the respective Personal Accounts in the Personal Ledger credited accordingly.

(5) LOAN INSTALMENTS AND INTEREST ON LOANS.

Loan Instalments and Interest on Loans now form a large proportion of the expenditure of Urban District Councils.

Accrued Interest on Loans.—

It is important that if the Balance Sheet is to show the true financial position of the Council, the accrued loan instalments, and interest to the end of the financial year, should be brought into the accounts and shown in the Balance Sheet as a liability. Unless this is done, the accounts will not present a true and

accurate statement of affairs. For instance, a half-yearly loan instalment and interest may become payable on the 1st May; at the close of the financial year, five months of that loan instalment and interest would have accrued, and that proportion of the amount should be brought into the accounts and shown as a liability outstanding at the end of the year, otherwise the accounts would not show the true position.

In order to emphasise the importance of this the following example (which came under the observation of the writer) may serve.

On the 31st March the accounts as presented showed the following Balance Sheet:—

BALANCE SHEET.

Liabilities.	£	s	d
Tradesmen—Invoice Account	269	5	9
District Fund	1,614	11	5
	£1,883	17	2

Assets.	£	s	d	£	s	d
Cash Balances:—						
Treasurer ..	1,278	8	4			
Clerk–Petty Cash	4	14	6			
Surveyor Do. ..	7	9	1			
Collector Do. ..	3	1	10			
Surveyor–Wages	51	17	3			
				1,345	11	0
Sundry Debtors:—						
Arrears of Rate..	160	19	1			
Private Improvement Works ..	87	14	2			
				248	13	3
Stores:—						
Stock of Materials on hand..				289	12	11
				£1,883	17	2

On the 1st April—the very next day—a half-yearly instalment of loan and interest, amounting to £1,197 6s. 3d., became due, and had to be paid; as the method adopted in this particular urban district was that of debiting the Impersonal Accounts with the *payments*, the item, of course, appeared in the following year's accounts. But the position indicated by the Balance Sheet was an erroneous one. There the District Fund (representing the surplus of assets over liabilities on the General Revenue Account) showed a balance of £1,614 11s. 5d.; but

surely the accrued loan instalment and interest was a liability on that date, and had it been brought into the accounts, as it ought to have been, the effect would have been to have reduced the District Fund Balance from £1,614 11s. 5d. to (£1,614 11s. 5d. less $\frac{804}{3465}$ of £1,197 6s. 3d., or for all practical purposes £1,614 11s. 5d., less £1,197 6s. 3d.=) £417 5s. 2d.

Method of Accounting for Loan Instalments and Interest.—

The argument has been advanced that "loan instalments and interest are not liabilities until the date they become due." That argument, however, is scarcely in accordance with the principles of sound finance, and may be dismissed. A difficulty arises in accounting for these items, due to the fact that it is impossible to credit the mortgagees with the loan instalments as they become due. It is clearly apparent that if mortgagees were to be credited therewith the original amount of the loans would never be reduced. The method of accounting suggested is that they should be journalised as they become due throughout the year, that on the 31st March the proportionate part of all loan instalments and interest that have accrued to that date should be ascertained and journalised, the Loan Instalments and Interest on Loan Accounts being debited therefrom, the Surplus Assets Account (as to which see pp. 66 and 126) being credited with the amount of loan instalments and the Mortgagees' Accounts credited with the interest.

The following is a form of Mortgagee's Account (but a separate Loans Ledger is strongly recommended):—

Form 24.—

NAME OF MORTGAGEE.....

Mortgage No.....
Date of Loan Sanction .....
Purpose of Loan .....

Amount of Loan.....
Rate of Interest.....per cent. per annum.
Date of Borrowing .....
Period for Repayment.....years.

Dr. *Cr.*

Date Paid	Fo.	Loan Instalment	Interest	Total	Date Due	Fo.	Interest	*Less* Tax	Net Interest	Amount of Loan Indebtedness	
		£ s d	£ s d	£ s d			£ s d	£ s d	£ s d	£ s d	

Form 25.—

LOANS? LEDGER. *Dr.*

Date of Loan Sanction	Amount of Loan Sanctioned	Purpose of Loan	Period for Repayment of Loan	Name of Mortgagee	No. of Mortgage	Amount Originally Borrowed	Rate of Interest per Cent. per Annum	Date Borrowed	Date *Paid*	Fo. of C.B.	First Half-Year			Second Half-Year		
											Interest	Loan Instalment	Total	Interest	Loan Instalment	Total
	£		Years			£ s d					£ s d	£ s d	£ s d	£ s d	£ s d	£ s d

Cr.

Balances due to Mortgagees brought forward	New Loans			Date *Due*	Folio of Journal	First Half-Year			Date *Due*	Folio of Journal	Second Half-Year			Folio of Journal	Balances Due to Mortgagees at 31st March 19..			Observations
	Date	Fo. of C.B.	Amount			Interest	Less Tax	Net Interest			Interest	Less Tax	Net Interest		Accrued Interest to date	Balance of Loan	Total	
£ s d			£ s d			£ s d	£ s d	£ s d			£ s d	£ s d	£ s d		£ s d	£ s d	£ s d	

Loans Ledger.—

It has been found convenient in practice to use a separate Loans Ledger for all Mortgagees' Accounts. A form of Loans Ledger is given on p. 45.

The advantage of keeping a separate Loans Ledger is that the loans can be grouped under the various "purposes" for which they have been borrowed. Thus, all loans raised for the purpose of Works of Sewerage are grouped under that heading, all loans for Private Street Works under that heading, and so forth. This is a great advantage over the alternative method.

The method of accounting for receipts from loans is referred to on p. 56, to which attention is directed.

Sinking Funds.—

In those districts where a Sinking Fund is in operation the "Sinking Fund" Account will be credited with the amounts due, the General District Revenue Account being debited; a corresponding entry will have to be made in the Treasurer's Cash Account, the General Revenue Account being credited and the Sinking Fund Account debited. When the money thus set aside for the redemption of loans is invested, the Sinking Fund Investment Account will be debited and the Treasurer's Cash Account credited. The income derived from investments is entered to the credit of the Sinking Fund Account and to the debit of the Treasurer's (Sinking Fund) Account in the Cash Book.

(6) PETTY CASH EXPENDITURE.

Petty Cash.—

In many urban districts the chief official of the various departments—the Clerk, the Accountant, the Surveyor, the Collector—is allowed a Petty Cash Book. It is suggested, however, that there should be only *one* Petty Cash Book, through

Form 26.— PETTY CASH BOOK.

Date	Name	Particulars of Account	Ledger folio	*Dr.* £ s d	*Cr.* £ s d	Impersonal Accounts to be Debited											
						……A/c Led. folio	£ s d	……A/c Led. folio	£ s d	……A/c Led. folio	£ s d	……A/c Led. folio	£ s d	……A/c Led. folio	£ s d	……A/c Led. folio	£ s d

The book to contain as many columns for Impersonal Account debits as are likely to be required.

which all petty cash receipts and payments should be passed, and which should be kept by a responsible clerk in the Clerk's or Accountant's Department. This would result in a saving of labour, as there would be only one entry in place of three or four, where several Petty Cash Accounts are kept.

Petty Cash payments should be limited to sums not exceeding 10s., or, say, £1 at the most.

A convenient form of Petty Cash Book is given on p. 47.

Postages.—

With regard to Postages, a Postage Book should always be kept, showing the date of the despatch of letters, the names and addresses of the persons to whom they are despatched, and the amount of the postage in respect of each. This book may be kept by a junior clerk, to whom should be advanced from time to time by the officer in charge of the Petty Cash Book sums of, say, £2 (or less, if desired) for the purchase of postage stamps. Perhaps a better way is for the Petty Cash Officer to pay to the junior clerk at the end of every succeeding month the exact amount disbursed for postages. Thus, for instance, if the amount of postages during the month was £1 16s. 7d., the Petty Cash Officer would pay that sum to the junior clerk, and so on each month, so that the junior clerk would always have a sum of £2 in hand at the commencement of each month.

The correct method of accounting for postages is for the Petty Cash Officer to credit his Petty Cash Account with the sums granted to the junior clerk in charge of the Postage Book, and debit the junior clerk therewith, the Impersonal Account in the Ledger being debited *from the Postage Book* with the Postage Book credits.

A form of Postage Book is appended.

Form 27.—

POSTAGE BOOK.

Date	Name	Address	Fo.	Dr.	Cr.	Fo.
1905				£ s d	£ s d	
		Brought forward ..	17	2 0 0	1 19 9	
April 27	To Cash	..	19	0 10 0		
28	By Jones	Hastings	..	..	0 0 2	
"	" Lawson ..	Brighton	..	..	0 0 2½	
29	" King	Blackpool	..	..	0 0 1½	
30	" Smith	Southport	..	..	0 0 1	
"	" Tomkins ..	Hartlepool	..	..	0 0 1½	
"	" Williams ..	King's Lynn	..	..	0 0 1	
"	" Brown	Fleetwood	..	..	0 0 1	
"	" Sharpe ..	Bournemouth	..	..	0 0 1½	
					2 0 9	L. F 77
		Balance in hand ..		..	0 9 3	
				£2 10 0	£2 10 0	
May 1	To Balance brought down ..	..	√	0 9 3		
"	" Cash	..	20	1 10 9		

So far as the General District Revenue Account is concerned there now only remains the cash transactions or the actual receipts and payments to be dealt with.

Mode of Payment.—

The usual mode of payment is by cheques drawn on the Treasurer, which are signed by three members of the Council, and countersigned by the Clerk. It is, however, suggested that a schedule of all accounts to be paid might be prepared, and signed at the Council meeting by the Chairman and two members, and countersigned by the Clerk, and afterwards forwarded to the Treasurer, who would honour cheques presented for payment signed by the Clerk or Accountant which were included in such schedule.

Combined Form of Cheque and Receipt.—

A form of cheque which serves also as a receipt is suggested. This dispenses with the necessity of returning the invoices to tradesmen and others to be receipted, and the consequent delay and difficulty there sometimes is of obtaining back the receipted invoices, is avoided.

Form 28.— ELECTRICITY DEPARTMENT ACCOUNT.

——— URBAN DISTRICT COUNCIL.

No. ——— 190 .

To [ ] Esq., Treasurer,

AT THE

MANCHESTER AND COUNTY BANK, LIMITED.

ONE PENNY.

PAY _____ or Order

the sum named below on the receipt at foot being duly signed and dated.

COUNTERSIGNED BY

_____ *Presiding Chairman.*

_____ *Clerk.*

_____ *Members of the said Council.*

RECEIVED from the ——— URBAN DISTRICT COUNCIL the sum of _____ Pounds

_____ shillings and _____ pence for _____

Signature _____

Date _____ 190

Stamp if £2 or over

The Council request that this Order may be presented for payment within Fourteen Days from the date hereof.

When cheques are remitted they may be accompanied by a Circular Letter somewhat in the following terms:—

Form 29.— Public Offices,

[ ]

....190..

Dear Sirs,

Herewith I enclose cheque value £ : : in payment of your account against the Council. Please sign the form of receipt on the cheque; no other acknowledgment is necessary.

Yours truly,

[*Clerk*] *or* [*Accountant*]

Name.....

Address.....

Treasurer's Cash Account.—

In some districts the Treasurer's Cash Account is kept in the Ledger. In very small districts it may be convenient to do this, but in the larger districts it will be found more convenient to have a separate Cash Book, and the form of Columnar Cash Book shown on p. 52 is suggested as preferable to any other.

As many Cash columns should be provided as are necessary. A Cash column for each head of Capital Outlay is essential.

The payments by the Treasurer are posted to the debit of the persons receiving payment; they should never be posted to the debit of any Impersonal Account. The receipts by the Treasurer are posted to the credit of the persons paying same into the bank.

So far as the account to be kept by the Treasurer is concerned, *one* is sufficient (in addition to a separate account for the Public Works Loan Commissioners, which the Treasurer is bound to keep, in those districts where the Council has obtained loans from the Commissioners), in which he will enter all his receipts and payments on behalf of the Council, although a separate Pass Book may be kept for each separate fund, if thought desirable.

Form 30.— TREASURER'S ACCOUNTS.

Dr.

Date	Folio of Minute Book	Folio Corresponding Credit	Account	Name	Details	Totals	General District Revenue	Electricity Department			(a)
								Revenue	Capital	Deposit	
					£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
190..				Forward ..							

Cr.

Date	Folio of Minute Book	Folio Corresponding Debit	Account	Name	Details	Totals	General District Revenue	Electricity Department			(a)
								Revenue	Capital	Deposit	
					£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
190..				Forward ..							

As many Cash columns should be provided as are necessary; a separate column for each head of Capital Outlay is essential.

CHAPTER III.

INCOME FROM LOANS AND CAPITAL OUTLAY.

In these days of municipal activity the purposes for which Urban Authorities find it necessary to raise loans are multitudinous.

Heads of Capital Outlay.—

Without enumerating them, it may be convenient to notice the heads under which they may be divided.

These are:—

(1) Remunerative and Realisable—such as Gasworks, Waterworks, Electricity Works, Tramways.

(2) Unremunerative, but Realisable—such as Town Hall, Depôt, Public Free Library.

(3) Unremunerative and Unrealisable—such as Sewerage Works, Sewage Disposal Works, Sea Defence Works.

There are certain works which an Urban Authority is empowered to carry out, but for which borrowing powers are not granted; these, however, it will not be necessary to notice here. It may be pointed out that in the majority of cases where Urban Authorities are empowered by Statute to do certain works, authority is usually given them to borrow money for the execution of such works, subject to the consent of the Local Government Board to the borrowing of such moneys being first obtained.

Authority for Borrowing Moneys.—

Prior to loans being raised, *for any purpose whatsoever*, authority for doing so must be obtained by

(*a*) Act of Parliament (*i.e.*, a Private Bill promoted in Parliament).

(*b*) Provisional Order confirmed by Act of Parliament.

(*c*) Sanction of the Local Government Board.

Private Bills in Parliament.—

If a Local Authority contemplates the acquisition or construction of such undertakings as Gasworks, Waterworks, Electricity Works, Tramways, &c., the usual practice is for them to promote a Private Bill in Parliament, conferring upon them power to acquire or construct such works, in which clauses are inserted enabling them to raise loans for the specific purposes mentioned in the Bill. After the Bill has been confirmed and becomes an Act of Parliament the Council are at liberty to borrow money to the extent authorised by the Act, which must be repaid within the time specified therein.

Costs of Promotion.—

Power to borrow money for the purpose of paying the costs of the promotion of the Bill may also be obtained, but only a very short period is granted for the repayment of loans raised for that purpose.

Costs of Opposition.—

Until quite recently power to borrow money for the purpose of paying the costs of an *opposition* to a Bill was not granted (although, as we have seen, power to raise loans for the payment of the costs incurred in the *promotion* of a Bill was granted). During the last Session, however, this power was granted to an Urban Authority, and a clause was inserted in the Bill of the

promoters to that effect. (Preston Corporation Ribble Navigation Act, 1905.) There is reason, therefore, to presume that the same power will be granted to other Urban Authorities.

Application to Local Government Board for Sanction to Loans.—

Where the erection of a Town Hall, Town's Yard and Depôt, Fire Engine Station, Public Free Library, Refuse Destructor, or Public Abattoirs, &c., is contemplated, the sanction of the Local Government Board is usually applied for. The application must set out clearly the purpose for which the loan is required, and must be accompanied by a plan, specification, and an estimate of the probable cost of carrying out the proposed works, and also by a certified copy of the resolution of the Urban Authority authorising the application. If the Local Government Board have the power to grant a sanction for the borrowing of the money for the purpose set out in the Council's application, they will cause a local inquiry to be held by one of their Inspectors; the inquiry being satisfactorily concluded, the Board will in due course grant their sanction to the borrowing of the money as requested.

Application of Loans.—

It is scarcely necessary, perhaps, to point out that loans raised for a particular purpose must not on any account be applied for any other purpose, although there is nothing to prevent the transfer of loans from one loan sanction to another.

Periods for Repayment of Loans.—

Various periods for the repayment of loans are granted, depending entirely on the purpose or works for which the money has been borrowed; thus, for instance, sixty years may be obtained within which to repay moneys borrowed for the acquisition or construction of waterworks, whereas the average period granted for the repayment of loans raised for electricity

works purposes is about twenty-four years, and the period granted for the repayment of loans raised for the purpose of executing private street works is seldom more than seven years.

Methods of Raising Loans.—

Loans are usually raised either by mortgage on security of the "rates, funds, revenues, and properties" of the Council, or by the issue of stock. Many Councils obtain the bulk of their loans from the Public Works Loan Commissioners; others from some of the larger insurance companies, or from the Ecclesiastical Commissioners; others, again, raise the bulk of the loans they require by accepting sums of £50 or £100 and upwards, whilst some Councils accept sums of £10 and multiples of £10.

The relative merits of the different methods of borrowing loans required for capital outlay need not be discussed in these pages; it is entirely a question of policy, which Urban Councils must decide—with the assistance of their financial officers—for themselves.

Mortgage.—

As to loans raised by means of mortgages; when a loan has been arranged a Mortgage Deed is prepared, somewhat in the following form (p. 57), which is sealed by the Council pursuant to a resolution passed by them to that effect.

The Treasurer is debited, the amount being entered under the appropriate heading in the Cash Book (a separate column being kept, it will be remembered, for each head of Capital Outlay and corresponding Income from Loans), and the mortgagee credited with the amount of the loan, care being taken to see that the loan is entered in the Loans Ledger under the particular purpose for which it was borrowed.

Form 31.—

URBAN DISTRICT COUNCIL OF ———.

THE PUBLIC HEALTH ACT, 1875.

Mortgage No.

By Virtue of the PUBLIC HEALTH ACT 1875. **We** the URBAN DISTRICT COUNCIL for the URBAN DISTRICT of ——— in the County of ——— (hereinafter called "the Council") IN CONSIDERATION of the sum of pounds paid to the Treasurer of the Council by (who with Executors Administrators and Assigns are hereinafter called "the Mortgagee") DO HEREBY GRANT AND ASSIGN unto the Mortgagee such proportion of the Rates Funds Revenues and Properties of the Council as the said sum of pounds doth or shall bear to the whole sum which is or shall be borrowed on the credit or security of the said Rates Funds Revenues and Properties TO HOLD unto the Mortgagee from the date hereof until the said sum of pounds be repaid to with interest at the rate of pounds shillings and pence per centum per annum payable by half-yearly payments on the first day of March and the first day of September in each year from the day of one thousand nine hundred and AND IT IS HEREBY AGREED that the principal sum secured by these presents shall be repaid at the Offices of the Council at the option of the Council or of the Mortgagee by either of the said Parties hereto giving to the other six calendar months notice in writing to that effect.

In witness whereof the Council have hereunto caused their Common Seal to be affixed this day of one thousand nine hundred and

THE COMMON SEAL of the Urban District Council was hereunto affixed in the presence of

_____ *Chairman.*

_____ *Clerk.*

(To be signed by Mortgagee when Loan repaid).

Received *this day of One thousand nine hundred and from the* URBAN DISTRICT COUNCIL OF *the within secured sum of together with all interest payable thereon.*

_____

Witness: _____

Form 32.— REGISTER OF MORTGAGES.

No.	Amount £ s d	Date Borrowed	Term	Rate of Interest	Name of Mortgagee	Address and Description of Mortgagee	Security	Clerk's Signature	Date Repaid
							General District Rate		

Mortgage Register.—

A Register of Mortgages must be kept, which must be open to public inspection during office hours. (Public Health Act, 1875, Section 237.)

A form of Mortgage Register is given on p. 58.

Issue of Stock.—

As to loans raised by means of stock issue, Part V. of the Public Health Acts Amendment Act, 1890, provides that an Urban Authority, with the consent of the Local Government Board, may raise loans by means of the creation of stock. The Act is an adoptive one, and notice of its adoption must be sent to the Local Government Board.

This method of raising loans is mainly adopted by large Municipal Corporations, and not by Urban District Councils; hence it has not been considered necessary to deal with this part of the subject herein. For information thereon the reader is referred to Vol. I. of the "Encyclopædia of Local Government Law" (pp. 28, 29, and 30), and to Allcock's "Municipal Accounts" (Cap. 10 & 11).

CAPITAL OUTLAY.

The necessary borrowing powers having been obtained, the Council may proceed to obtain tenders for the carrying out of the proposed works.

The contractors whose tenders are accepted will enter into a contract for the due execution of the work, the amount to be paid the contractor being specifically mentioned therein, and the contract also usually contains a clause to the effect that the contractor is to be paid sums on account periodically during the construction of the work, upon receipt by the Council of a Certificate of the Engineer or other officer entrusted with the supervision of the work.

A form of Engineer's Certificate is appended.

Form 33.—

Contract No. *Certificate No.*

URBAN DISTRICT COUNCIL.

CERTIFICATE of amount due to .....

.....

.....

under contract for.....

entered into the....day of.....190

Total Amount of Contract £ : :

Amount due .. .. £ : :

Amount paid up to date £ : :

Total .. £ : :

.....*Surveyor.*

....day of.....190

Contract No. *Certificate No.*

TO THE URBAN DISTRICT COUNCIL FOR THE URBAN DISTRICT OF ——

I HEREBY CERTIFY that the sum of.....Pounds

is due by the District Council to.....

for Works performed under Contract for.....

.....

.....

bearing date.....day of.....190 , and that such

sum may be paid to the said.....

Total amount of Contract, £ : :

Certified as above .. £ : : *Signed,*

Amount paid up to date, £ : : .....

Total Value ,, £ : : *Surveyor.*

Dated.....day of.....190 .

Payments under Contract.—

There is some amount of controversy as to the correct method of accounting for sums due under contract. There are at least two distinct methods—one is to credit the contractor and debit the Impersonal Account (the Capital Account) with the sums certified from time to time by the Engineer as being due to the contractor for work done under his contract; another is to credit the contractor at the outset with the amount of the contract, and debit the Impersonal Account therewith, payment being made to the contractor on the Certificate of the Engineer, as in the former method.

It may be argued in favour of the first method that not until the Certificate of the Engineer has been issued is there any sum due to the contractor; on the other hand, it is contended that immediately the contract has been executed the liability on the part of the Council has been incurred.

To more clearly illustrate the difference between the two methods, we will assume that the Council have entered into a contract with John Brown for the erection of, say, a refuse destructor, at a cost of £3,500, that up to the end of the financial year three certificates have been issued by the Engineer for £400, £300, and £500 respectively, which amounts have been paid to the contractor; by the former method of accounting the entries would appear as follow:—

Dr. JOHN BROWN'S ACCOUNT. (Fo. 77.) *Cr.*

	Fo.	£	s	d		Fo.	£	s	d
To Treasurer	18	400	0	0	By Amount certified by Engineer	141	400	0	0
,, Do.	,,	300	0	0	,, Do.	,,	300	0	0
,, Do.	,,	500	0	0	,, Do.	,,	500	0	0

REFUSE DESTRUCTOR CAPITAL ACCOUNT. (Fo. 141.)

	Fo.	£	s	d		Fo.	£	s	d
To J. Brown	77	400	0	0					
,, Do.	,,	300	0	0					
,, Do.	,,	500	0	0					

TREASURER'S (REFUSE DESTRUCTOR CAPITAL) ACCOUNT.
(Fo. 18.)

Dr.	Fo.	£ s d	Dr.	Fo.	£ s d
			By J. Brown	77	400 0 0
			" Do.	"	300 0 0
			" Do.	"	500 0 0

By the latter method of accounting the entries would appear thus:—

JOHN BROWN'S ACCOUNT. (Fo. 77.)

Dr.	Fo.	£ s d	Cr.	Fo.	£ s d
To Treasurer	18	400 0 0	By Amount of Contract for Erection of Refuse Destructor	141	3,500 0 0
" Do.	"	300 0 0			
" Do.	"	500 0 0			

REFUSE DESTRUCTOR CAPITAL ACCOUNT. (Fo. 141.)

	Fo.	£ s d		Fo.	£ s d
To J. Brown (Amount of Contract)	77	3,500 0 0			

TREASURER'S (REFUSE DESTRUCTOR CAPITAL) ACCOUNT.
(Fo. 18)

	Fo.	£ s d		Fo.	£ s d
			By John Brown	77	400 0 0
			" Do.	"	300 0 0
			" Do.	"	500 0 0

The former method is preferable, inasmuch as by the latter, apart from the question as to whether the liability shown to the contractor actually exists, a fictitious asset is set up.

Unfortunately, the practice largely prevails of debiting the Impersonal (Capital) Account from the Treasurer's Cash Book with the amounts paid, the Contractor's Account being ignored altogether. This is a mistake; an account with each contractor ought certainly to be opened. The following form of Contracts Register, which serves the purpose of the Contractors' Personal Accounts, is suggested. It has been found very serviceable.

Form 34.—

CONTRACTS BOOK.

M.............................. Contract dated.................. ....190....

of.............................. for..............................

in account with the Council. ....Dept.

190		£ s d	£ s d	190		£ s d	£ s d
	To Amount Paid o/a Contract ..				By Amount of Contract		
					" Amount of Additions to Contract, as below		
						£	
					Less Deductions from Contract, as below		
			£				£

	£ s d	£ s d
Additions to Contract ..		
Deductions from Contract ..		

(Signed)

Surveyor—Electrical Engineer.

Accountant—Clerk.

Date, 190

Submitted to

Committee at a Meeting thereof held this

day of 190

Chairman.

Works carried out by Council's Staff.—

Many of the larger Urban District Councils carry out works of this description with their own staffs of workmen. Where this is done the Capital Account will be debited with the cost of the workmen's time through the Wages Book, with the cost of Stores, Materials, &c., through the Invoice Book and Stores Book, and with the cost of Team Labour through the Team Labour Journal, or through the Hired Team Labour Wages Book. A certain sum ought also to be added for establishment charges.

Method of treating Capital Accounts in Ledger.—

It may be convenient to refer here to the usual practice of crediting the various Capital Accounts at the end of the financial year with the amounts of loan repayments made during the year, and carrying the reduced balances forward.

The practice is open to much objection, as the accounts kept on these lines do not clearly show the actual outlay in respect of the various Capital Accounts.

When a portion of a loan is repaid, it does not follow that the capital value of the purpose for which the loan was obtained has consequently reduced to the extent of the loan repayment. Yet that is precisely how the accounts are treated in the vast majority of districts.

The following instance (which has come under the observation of the writer) will probably serve to more clearly illustrate what is meant.

A loan of £400 was borrowed in 1890 for the purpose of purchasing a steam road roller, the period granted for the repayment of the loan being ten years. The entries in the Capital Account appear as follow:—

STEAM ROAD ROLLER CAPITAL ACCOUNT.

		£ s d			£ s d
1890	To Cost of Roller ..	400 0 0	1891 Mar. 31	To Loan Repaid ..	40 0 0
				Balance	360 0 0
		400 0 0			400 0 0
1891 April 1	To Balance	360 0 0	1892 Mar. 31	To Loan Repaid ..	40 0 0
				Balance	320 0 0
		360 0 0			360 0 0
1892 April 1	To Balance	320 0 0	1893 Mar. 31	To Loan Repaid ..	40 0 0
				Balance	280 0 0
		320 0 0			320 0 0
1893 April 1	To Balance	280 0 0	1894 Mar. 31	To Loan Repaid ..	40 0 0
				Balance	240 0 0
		280 0 0			280 0 0
1894 April 1	To Balance	240 0 0	1895 Mar. 31	To Loan Repaid ..	40 0 0
				Balance	200 0 0
		240 0 0			240 0 0
1895 April 1	To Balance	200 0 0	1896 Mar. 31	To Loan Repaid ..	40 0 0
				Balance	160 0 0
		200 0 0			200 0 0
1896 April 1	To Balance	160 0 0	1897 Mar. 31	To Loan Repaid ..	40 0 0
				Balance	120 0 0
		160 0 0			160 0 0
1897 April 1	To Balance	120 0 0	1898 Mar. 31	To Loan Repaid ..	40 0 0
				Balance	80 0 0
		120 0 0			120 0 0
1898 April 1	To Balance	80 0 0	1899 Mar. 31	To Loan Repaid ..	40 0 0
				Balance	40 0 0
		80 0 0			80 0 0
1899 April 1	To Balance	40 0 0	1900 Mar. 31	To Loan Repaid ..	40 0 0

In 1900 the Steam Road Roller Capital Account disappeared altogether from the Balance Sheet of the Council; the accounts as presented gave no indication that the Council possessed a

steam road roller; at the present time that particular steam road roller is earning over £100 a year by being let out for hire, in addition to being used largely by the Council on their own district roads, yet there is absolutely no indication in the Balance Sheets for the last three or four years that the Council possess such a thing as a steam road roller!

That is one instance; but the same principle is applied with respect to every Capital Account in nearly every urban district in the country.

"Surplus Assets" Account.—

What is suggested is that, instead of the various Capital Accounts being credited with the loan repayments, a "Surplus Assets" Account should be opened, and the amounts placed to the credit of that account. By this means not only will the actual capital outlay in respect of each purpose be clearly shown in the Ledger, but the accounts will also show the surplus of capital outlay in excess of loan indebtedness.

The reason for the present method of accounting for these items (debiting the Mortgagees' Account and crediting the Capital Account) is easily perceptible. In the first instance the Local Government Board grant only such a number of years for the repayment of the moneys borrowed that, in their opinion, is equivalent to the "life" of the undertaking for which the money is borrowed, and the loan instalments are regarded as equivalent to the amount of depreciation that takes place in the capital value of the undertaking, the method of accounting employed being the same as that employed in accounting for depreciation. There is, however, this difference, that whereas by depreciating at a certain percentage per annum the capital value is never reduced to *nil* (and in consequence omitted from the Balance Sheet), by reducing the capital value to the extent

of the loan instalments repaid it may be, and, as a matter of fact, often is.

Even if this view of the matter be taken, it is submitted that a separate account should be opened—whether it be described as a "Surplus Assets" Account, or by any other name—and the amounts of loans repaid placed to the credit of that account, and not to the credit of the Capital Account, so that the exact amount of capital outlay is always clearly shown in the Ledger.

A change from the usual method to the one suggested can readily be made. The first thing to be ascertained is the amount of capital outlay in respect of each purpose up to the date the alteration is effected. This may be done by adding the amount of loans repaid in respect of each purpose, plus any sums that may have been written off against the District Fund (such as expenditure in excess of the amount of the loan sanctioned), to the balance of the Capital Account appearing in the Ledger.

The following will show precisely how to make the necessary Ledger entries.

.....CAPITAL ACCOUNT.

			£ s d			£ s d
1924 April 1	To Balance	..	21,643 2 9	1905 Mar. 31	By Loans Repaid..	711 18 0
				"	Balance.. ..	20,931 4 9
			£21,643 2 9			£21,643 2 9
1905 April 1	To Balance	..	20,931 4 9			

Those we may assume to be the present Ledger entries. If we turn to the Financial Statement we shall find there the amount of loans repaid up to the same date as the last balancing of the Ledger. This we may assume to be £7,672 6s. 3d. This sum will have previously been placed on

the credit side of the Capital Account, and the amount thereof reduced accordingly. In order that the account shall show the amount of capital outlay we shall, therefore, have to add this sum to the present balance. We proceed then to make the entries:—

.....CAPITAL ACCOUNT.

		£ s d			
1905 April 1	To Balance ..	20,931 4 9			
	„ Surplus Assets Account .. (Amount of Loans repaid)	7,672 6 3			

SURPLUS ASSETS ACCOUNT.

			£ s d
		By.....Capital Account	7,672 6 3

Future instalments of loan repayments will, of course, be placed to the credit of the "Surplus Assets" Account.

The above method, advocated herein, does not entail the slightest increase in the work of keeping the accounts.

An exemplification of the Surplus Assets Account in the Ledger will be found in the Appendix on p. 126.

CHAPTER IV.

PRIVATE STREET WORKS.

It has been considered advisable to deal with the Accounts relating to Private Street Works in a separate chapter; moreover, "Private Street Works" could hardly be classed under either of the two preceding headings, and to have dealt with them adequately in either would have been impracticable.

When Council may Execute Works.—

By Section 150 of the Public Health Act, 1875, and also by the Private Street Works Act, 1892, an Urban Authority is empowered to execute such works as "sewering, levelling, paving, metalling, flagging, channelling, and making good" any street within the urban district not being a highway repairable by the inhabitants at large, after due notice has been given to the respective owners or occupiers of the premises fronting, adjoining, or abutting on such street, and the Urban Authority may recover from the owners the cost of executing such works. (For information as to the general procedure under either of the above-mentioned Acts, the reader is referred to the text thereof, and to Lumley's "Public Health Act, 1875," and Schofield & Hill's "Private Street Works Act, 1892.")

Surveyor to prepare Plan, Specification, and Estimate of Cost.—

Prior to notices being served (of which a form is appended) the Surveyor to the Council should prepare a plan, specification, and estimate of the probable cost of making the street.

Form 35.–

————URBAN DISTRICT COUNCIL.

PRIVATE STREET WORKS ACT, 1892.

NOTICE OF PROVISIONAL APPORTIONMENT.

NOTICE IS HEREBY GIVEN that the Urban District Council for the Urban District of ————. acting as the Urban Authority of the said District did on the SEVENTH day of SEPTEMBER 1903, in accordance with the provisions of the above-mentioned Act, pass the following resolution, namely :—

"THAT the specification of the works proposed to be done in "sewering, levelling, paving, metalling, channelling, asphalting "and making good the following Streets or parts of Streets in "the District of the ———— Urban District Council, together "with the plans, sections, estimates, and provisional apportion- "ments relating to such works, now submitted by the Surveyor "be, and the same are hereby approved, namely :—

[Set out Names of Streets.]

AND FURTHER TAKE NOTICE that the approved specification, plans, sections, estimates, provisional apportionments (or copies thereof certified by the Surveyor) will be kept deposited at the Urban District Council Offices, ————, and open to inspection at all reasonable times for a period of one month from the Eleventh day of September instant, during which time you may, in pursuance of section seven of the Act aforesaid, by written notice served on the Urban Authority object to the proposals or any of them on any of the grounds in such section specified.

Dated this Ninth day of September 1903.

To.....*or*
other the owner of the premises known as

Clerk to the said
Urban District Council.

.....

It may be mentioned here that in preparing such "estimate of the probable cost," the Surveyor should take care not to under-estimate it, as one of the grounds of objection to the final apportionment under the Private Street Works Act, 1892, is that the actual expenses have exceeded the estimate by more than 15 per cent. It is safer, therefore, for the Surveyor to *over*-estimate rather than *under*-estimate the probable cost of making the street.

If the notices are not complied with the Council may execute the works, either with their own staff of workmen, or, more usually, engage a contractor to do the work.

Loans for carrying out Private Street Works.—

Before the works are commenced, however, the Council must make provision for the payment of the cost of such works, and as the expenses of private street works cannot legally be defrayed out of the General District Fund, the Council must make application to the Local Government Board for sanction to borrow money with which to defray the cost of carrying out the works, in the manner already indicated. Seven years is the usual period granted for the repayment of loans borrowed for this purpose.

Charges for Superintendence.—

Where the work is carried out under contract the contractor is credited and the Impersonal Account (the particular Street Account) debited with the amount of the contract. In addition, the Impersonal Account is debited and the General District Fund credited with 5 per cent. upon the outlay for establishment charges to cover the cost of the preparation of the plans, superintendence of the work, and additional office work rendered necessary in consequence of this work having to be undertaken by the Council.

Form 36.—

——— URBAN DISTRICT COUNCIL.

PRIVATE STREET WORKS ACT, 1892,
55 & 56 Vict. c. 57, s. 12.

Notice of Final Apportionment.

To.....

of.....

.....

or other the owner of the premises hereinafter described.

TAKE NOTICE that I, ———, the Surveyor of the URBAN DISTRICT COUNCIL OF ———, the Urban Sanitary Authority for the said District, being satisfied that certain private street works in a street or part of a street known as.....

.....

in the aforesaid District have been completed, and the expenses thereof ascertained, have made a final apportionment thereof in pursuance of Section 12 of the Private Street Works Act, 1892 wherein you as owner of the premises situate and known as.....

.....

which front, adjoin, or abut on such street or part of a street first hereinbefore named are shown as chargeable for the sum of..... pounds,.....shillings, and.....pence, which may be recovered by the said Urban Sanitary Authority in manner provided by the Act aforesaid, or in the same manner as private improvement expenses are recoverable under the Public Health Act, 1875;

AND THAT within one month after this Notice you may by a written notice to the said Urban Authority object to the apportionment hereinbefore referred to on all or any of the grounds specified in the Section first hereinbefore mentioned; in default of which, or after any such objection shall have been determined as provided by the statutory enactments in that behalf, the premises included in the aforesaid final apportionment will stand and remain charged with the sum finally apportioned on them or determined to be due, with interest at the rate of four pounds per centum per annum, from the date hereof, and the said Urban Authority will have the same powers and remedies as if they were mortgagees, having powers of sale and lease, and of appointing a Receiver.

Dated this.....day of.....190 .

Frontage.....Feet.....Inches.

£.....

.....

Surveyor to the above-named Urban Sanitary Authority.

Where the work is carried out by the Council's staff of workmen the Impersonal Account will be debited through the Wages Journals with the cost of the workmen's Time, and through the Invoice and Stores Journals with the cost of Tradesmen's Bills, Stores, Materials, &c.; when the work is completed and the actual outlay ascertained, 5 per cent. for establishment charges should be added as before.

Final Apportionment.—

The next proceeding is to apportion the cost upon the respective owners, and to serve Notices of Final Apportionment accordingly.

On p. 72 is given a form of Notice of Final Apportionment.

Service of Notice of Final Apportionment.—

These should be bound in book form in duplicate—one for service on the owner, and the other retained in the book for reference and for production at the Audit.

As service of these notices may have to be formally proved in Court, the best plan is to send them by registered post, and affix the receipt from the Post Office Authorities to the back of the duplicate notice. The production of the duplicate notice, with the receipt affixed, is considered to be sufficient evidence of service.

"Reputed" Owners.—

Attention is directed to the insertion of the words "or other the owner" immediately after the name of the reputed owner. It is desirable these words should be inserted, as the *reputed* owner may not be the *actual* owner; or, again, the owner at the time the first notice was served may not be the owner at the time the Notice of Final Apportionment is served. The

Form 37.—

——— URBAN DISTRICT COUNCIL.

TOWN HALL,
[ ]

.....190

DEAR

Re STREET MAKING CHARGES.

.....Road.

The period, during which objection to the Final Apportionment might have been made, having now elapsed, I enclose herewith Demand for the amount due, in accordance with the Provisions of the [Private Street Works Act, 1892] [Public Health Act, 1875], and desire to inform you that the amount must be paid, or satisfactory arrangements made for the payment thereof by instalments, within four days from the date hereof.

Yours truly,

Clerk [*Accountant,*]

Form 38.—

——— URBAN DISTRICT COUNCIL.

TOWN HALL,
[ ]

To Mr.....

of.....

190		£ s d
	The Council hereby demand payment of the [amount] [instalment] due for Street Making in respect of.....Road, viz.:	
	Add interest thereon at the rate of % per annum	
	Amount now payable .. .. £	

Cheques to be made payable to [ ]

Collector for the Council.

effect of the insertion of these words, and the sending of the notices in the manner suggested, is that the Council is absolutely protected against loss, owing to alleged informality with respect to the service of notices.

Length of Notice prescribed.—

After the Notices of Final Apportionment have been served the notice prescribed by the Act must be allowed to expire before a demand for payment is made. A demand for payment of the apportioned expenses before the expiration of the notice is invalid.

Three months' notice is prescribed by the Public Health Act, 1875. One month's notice by the Private Street Works Act, 1892.

Separate Demand to be made for Payment of Expenses.—

The Notice of Final Apportionment is not a demand. This explanation would seem unnecessary, but more than one instance has come under the observation of the writer where the Notice of Final Apportionment has been regarded as a demand for the payment of the amount apportioned. A separate demand must be made. A form of demand is given on p. 74.

Recovery of Expenses under Provisions of Private Street Works Act, 1892.—

Whilst it is not intended to discuss herein the relative merits of the sections of the Public Health Act, 1875, relating to private street works with the Private Street Works Act, 1892, it may be stated that as regards the recovery of the expenses from the frontagers the provisions of the later enactment afford very much greater facility than do those of the 1875 Act. Under the 1892 Act the expenses may be recovered "summarily in a Court of Summary Jurisdiction, or as a simple

contract debt by action in any Court of competent jurisdiction from the owner for the time being," or the Council may make a Private Improvement Rate (Section 12 (1)), and by Section 13 (1) the Urban Authority are granted all the powers and remedies as under the Conveyancing and Law of Property Act are granted to mortgagees having powers of sale and lease, and of appointing a receiver.

Under Public Health Act. 1875.—

Under the provisions of the Public Health Act the expenses may be recovered summarily (Section 257), or the Council may levy a Private Improvement Rate (Section 213).

Under the older enactment it is necessary to bring an action to enforce payment. Under the provisions of the Private Street Works Act, however, it is not necessary to do so.

Thus it will be seen that, so far as the recovery of the apportioned expenses is concerned, the provisions of the latter enactment are far superior, from the point of view of a Local Authority.

Method of Accounting.—

With regard to the method of accounting in connection with the accounts relating to private street works, it may be more convenient perhaps to illustrate it by means of a short exemplification.

J. PLATT, CONTRACTOR. (Fo. 89.)

	Fo.	£ s d		Fo.	£ s d
To Treasurer	16	500 0 0	By Amount of Contract for making Nelson Street	95	1,040 9 6
" Do.	"	250 0 0			
" Do.	"	200 0 0			
" Do.	"	90 9 6			
		£1,040 9 6			£1,040 9 6

NELSON STREET (PRIVATE STREET WORKS) ACCOUNT. (Fo. 95.)

	Fo.	£ s d		Fo.	£ s d
To J. Platt	89	1,040 9 6	By Frontagers' Account	3	1,092 10 0
" Establishment Charges 5% ..	144	52 0 6			
		£1,092 10 0			£1,092 10 0

GENERAL DISTRICT REVENUE ACCOUNT. (Fo. 144.)

	Fo.	£ s d		Fo.	£ s d
To Interest Private Street Works Account	41	18 6 5	By 5% Establishment Charges in respect of the following Street, viz :— Nelson Street..	95	52 0 6
" Balance	160	33 14 1			
		£52 0 6			£52 0 6

MORTGAGEE'S (PRIVATE STREET WORKS) ACCOUNT (J. HARROP.) (Fo. 111.)

	Fo.	£ s d		Fo.	£ s d
To Treasurer (Instalment of Loan) ..	18	100 0 0	By Treasurer (Loan) ..	16	1,000 0 0
" Treasurer (General Revenue) Account	20	37 10 0	" Interest on Loan ..	4	37 10 0
" Balance	160	900 0 0			
		£1,037 10 0			£1,037 10 0

TREASURER'S (PRIVATE STREET WORKS) ACCOUNT. (Fo. 16.)

	Fo.	£ s d		Fo.	£ s d
To J. Harrop (Loan) ..	111	1,000 0 0	By J. Platt	89	500 0 0
" Balance	160	92 10 0	" Do.	"	250 0 0
			" Do.	"	200 0 0
			" Do.	"	90 9 6
			" General Revenue Account	20	52 0 6
		£1,092 10 0			£1,092 10 0

FRONTAGERS' ACCOUNT. (Fo. 3.)

	Fo.	£ s d		Fo.	£ s d
To Nelson Street Apportionment ..	95	1,092 10 0	By Collector	2	255 0 3
			„ Balance	160	837 9 9
		£1,092 10 0			£1,092 10 0

INTEREST ACCOUNT (PRIVATE STREET WORKS.) (Fo. 4.)

	Fo.	£ s d		Fo.	£ s d
To Mortgagee's Interest on Loans ..	111	37 10 0	By Sundry Debtors' Account	6	19 3 7
			„ General District Revenue Account ..	144	18 6 5
		£37 10 0			£37 10 0

COLLECTOR'S ACCOUNT. (Fo. 2.)

	Fo.	£ s d		Fo.	£ s d
To Frontagers' Repayments	3	255 0 3	By Treasurer	18	250 0 0
„ Do. Interest ..	4	18 16 7	„ Do.	20	18 16 7
			„ Balance	160	5 0 3
		£273 16 10			£273 16 10

SUNDRY DEBTORS' ACCOUNT. (Fo. 6)

	Fo.	£ s d		Fo.	£ s d
To Interest on Private Street Works ..	4	19 3 7	By Collector	2	18 16 7
			„ Balance	160	0 7 0
		£19 3 7			£19 3 7

TREASURER'S (FRONTAGERS' REPAYMENTS) ACCOUNT. (Fo. 18)

	Fo.	£ s d		Fo.	£ s d
To Collector	2	250 0 0	By J. Harrop (Instalment of Loan repaid)	111	100 0 0
			„ Balance	160	150 0 0
		£250 0 0			£250 0 0

TREASURER'S (GENERAL REVENUE) ACCOUNT. (Fo. 20.)

	Fo.	£ s d		Fo.	£ s d
To Collector	2	18 16 7	By J. Harrop (Interest on Loan)	111	37 10 0
„ Treasurer's (Private Street Works) Account	16	52 0 6	„ Balance	160	33 7 1
		£70 17 1			£70 17 1

BALANCE SHEET. (Fo. 160.)

Liabilities.

	Fo.	£ s d	£ s d
Private Street Works :—			
Mortgagee	111	900 0 0	
Treasurer	16	92 10 0	
			992 10 0
General Revenue :—			
General District Revenue (District Fund) ..	144	..	33 14 1
			£1,026 4 1

Assets.

	Fo.	£ s d	£ s d
Private Street Works :—			
Frontagers ..	3	837 9 9	
Treasurer (Frontagers' Repayments Account) ..	18	150 0 0	
Collector ..	2	5 0 3	
			992 10 0
General Revenue :—			
Treasurer ..	20	33 7 1	
Sundry Debtors ..	6	0 7 0	
			33 14 1
			£1,026 4 1

Expressed in journalised form the entries would be:—

Dr.	Treasurer's Private Street Works Account	with amount of Loans paid into Bank.
Cr.	Mortgagees	
Dr.	Impersonal Account	with the amount of the Contract.
Cr.	Contractor	
Dr.	Impersonal Account	with 5 % Establishment Charges for Superintendence, &c.
Cr.	General District Revenue Account	
Dr.	Contractor	with amounts paid to Contractor.
Cr.	Treasurer's Private Street Works Account	
Dr.	Frontagers	with Total Cost of Street Works.
Cr.	Impersonal Account	
Dr.	Collector	with amounts received from Frontagers (*i.e.*, Owners).
Cr.	Frontagers	
Dr.	Treasurer's Frontagers' Repayments Account	with sums deposited on this account with Treasurer by the Collector.
Cr.	Collector	
Dr.	Mortgagees	with Loans repaid to Mortgagees of Private Street Works.
Cr.	Treasurer's Frontagers' Repayments Account	
Dr.	Interest Account	with amounts *due* in respect of Interest on Loans.
Cr.	Mortgagees	
Dr.	Mortgagees	with amounts *paid* in respect of Interest on Loans.
Cr.	Treasurer's General Revenue Account	
Dr.	Frontagers	with Interest *due* on Apportioned Expenses.
Cr.	Interest Account	
Dr.	Collector	with Interest *paid* on Apportioned Expenses.
Cr.	Frontagers	
Dr.	Treasurer's General Revenue Account	with sums deposited in respect of Interest on Apportioned Expenses by the Collector with the Treasurer.
Cr.	Collector	

Form 39.—

PRIVATE STREET WORKS ACT, 1892.

REGISTER OF CHARGES.

Name of Street.....

Date of Final Apportionment	Folio of F/A Book	Name of Owner	Address of Owner	Date when notice of F/A served	Amount Demanded £ s d	Interest Payable to March 31 19 £ s d	Amount paid during year ending March 31st 19 — Expenses £ s d	Amount paid during year ending March 31st 19 — Interest £ s d	Date paid	Receipt No.	Balance outstanding at March 31st 19 — Expenses £ s d	Balance outstanding at March 31st 19 — Interest £ s d

Register of Charges.—

By Section 13 (2) of the Private Street Works Act it is provided that a Register of Charges shall be kept by the Urban Authority. The form suggested is given on p. 80.

Separate Account for each Street.—

The Act also provides that a separate account shall be kept for each street made under the provisions of the Act.

Payment by Frontagers.—

In many districts the frontagers are allowed to pay the amounts of their apportionments by instalments. As no longer period than seven years is granted by the Local Government Board for the repayment of the loans borrowed for the purpose of executing private street works, a shorter period must necessarily be granted by the Urban Authority to the frontagers for payment of their apportioned expenses. Five years is suggested as the maximum period. Frontagers paying in this way should sign an agreement to the following effect:—

Form 40.—

——— URBAN DISTRICT COUNCIL.

, THE UNDERSIGNED.....
.....of.....
..... being the owner of the premises for or in respect of which the payment hereinafter referred to is incurred, do hereby waive every objection which can by any possibility arise, or be made under any statute or otherwise to the payment of the sum of.....pounds,.....shillings, and .....pence, and admit liability to pay the same to THE ——— URBAN DISTRICT COUNCIL and their successors, the said sum being due and owing by to them for an ascertained and agreed proportion of the expenses incurred by them in sewering, levelling, paving, metalling, flagging, channelling, asphalting, and making good.....Road/Street, within the Urban District of ——— aforesaid, according to the frontage of premises fronting, adjoining, and abutting upon the said street. AND do hereby agree with the said Urban District Council of ——— and their successors, that will pay to them the said sum of.....pounds, ...shillings, and.....pence, by five equal annual instalments, together with interest thereon, calculated from the.....day of.....One Thousand Nine Hundred and.....at the rate of Four Pounds per centum per annum and upon so much thereof as shall from time to time remain unpaid, the first of such annual instalments and interest as aforesaid to be paid on the First Day of October Next, and each subsequent instalment on the First Day of October in every year until the whole thereof shall be fully paid and discharged.

PROVIDED ALWAYS that nothing herein contained shall prejudice or affect the powers of the said Urban District Council of ——— under the Private Street Works Act, 1892, as to declaring the said expenses or any part thereof to be payable by such instalments as aforesaid, with interest under the said Act; and that in case default be made in payment of any one or more of the said instalments or of the interest thereof or any part thereof respectively at the time or times hereinbefore appointed for payment thereof, nothing in this agreement contained shall prejudice or affect the right of the said Urban District Council to proceed summarily to recover such sum or any part thereof, or any other remedy or security which the said Urban District Council of ——— may have by Statute or otherwise for recovery of the said sum and interest.

AS WITNESS hand the day of
One Thousand Nine Huudred and

Signed by the said.....)
.....) .....
.....)
In the presence of.....
.....
.....

Interest—5% under Public Health Act, 4% under Private Street Works Act.—

It should be observed that under the provisions of the Public Health Act, 1875, interest may be charged at the rate of 5 per cent. per annum from the date of demand. Under the Private Street Works Act, 1892, however, interest is chargeable at the rate of 4 per cent. per annum from the date of the final apportionment.

Where the frontagers are allowed to pay by instalments it will be found convenient to make all these instalments payable on a certain date. This will save a lot of time and trouble.

Charge against Premises —

In conclusion, it might be pointed out that the charge is not a personal liability, but is a charge against the premises, and is payable by the owner "for the time being," so that successive owners are liable until the expenses and interest are wholly paid off.

CHAPTER V.

INCOME FROM, & EXPENDITURE IN CONNECTION WITH REPRODUCTIVE UNDERTAKINGS.

"REPRODUCTIVE UNDERTAKINGS" is a very wide term, and embraces any undertakings of a Local Authority from which a revenue income is derived.

It will only be necessary to notice here the principal of these, viz.:—Electricity Works, Gasworks, Waterworks, and Tramways.

(a) ELECTRICITY WORKS.

The Board of Trade has prescribed the form in which the Annual Return or Abstract of Accounts has to be made, which comprises (in addition to statistical information as to loans, and as to the quantity of units generated, &c. &c.) a Capital Account, a Revenue Account, a Net Revenue Account, a Reserve or Depreciation Fund Account, and a Balance Sheet.

Heads of Capital Outlay.—

The Capital Account shows on the one side the amount raised by loans, and, on the other, the different heads of Capital Outlay, which comprise—

(*a*) Lands.
(*b*) Buildings.
(*c*) Machinery.
(*d*) Accumulators.
(*e*) Mains and Services.
(*f*) Transformers and Motors.
(*g*) Meters.
(*h*) Electrical Instruments.
(*i*) Incandescent and Arc Apparatus.

The method of accounting for Receipts from Loans and Capital Outlay has already been considered in Chapter II.

Revenue Account.—

The Revenue Account is divided into the following heads:—

Generation (including Cost of Coals, Oil, Waste, and Water, Wages at Works, Repairs and Maintenance of Works Plant.)	Sale of Current— (*a*) Private Consumers. (*b*) Under Contract. (*c*) Public Lamps.
Distribution (including Wages in connection with Repairs to and Maintenance of Mains and Services. Apparatus on Consumers' Premises, and Apparatus at Distributing Stations).	Meter Rents.
Public Lamps (including Cost of Lighting, Attendance, Repairs, and Renewals).	Sundry Sales— Fittings, &c.
Rents, Rates, and Taxes.	Rents.
Management Expenses (including the Salaries of Engineer, Clerks, and Collectors).	
Establishment Expenses (including Cost of Printing, Stationery, Advertising, &c.).	
Special Charges (including Insurances, &c.).	
Total Expenditure ..	Total Income .. ..
Amount carried to Net Revenue Account ..	

Net Revenue Account.—

The Net Revenue Account is also divided, of which the following are the chief heads:—

- Interest on Loans accrued due.
- Instalments of Loans Repaid.
- Amount Transferred to Sinking Fund.
- Amount Transferred to Reserve Fund.
- Amount applied in aid of Local Rates.
- Balance (if any) carried forward.
- Balance (if any) brought forward.
- Amount brought from Revenue Account.
- Interest from Bank on Money at Deposit.

Bad Debts and Discounts.—

Bad Debts and Discounts allowed to Consumers should be deducted from the income on the Revenue Account rather than be shown on the "expenditure" side of that account.

Examples of the Revenue Account, Net Revenue Account, Balance Sheet, and Comparative Statements are appended.

URBAN DISTRICT COUNCIL OF ———.

Dr. ELECTRICITY UNDERTAKING REVENUE ACCOUNT for Year ended 31st March 1905. *Cr.*

Expenditure.		1904-5. £ s d	£ s d	*Income.*	1903-4. £ s d	1904-5. £ s d	£ s d
GENERATION:—							
1903-4. £1,056 10 5	Coal and Attendant Expenses	1,160 18 2		Sale of Current to Private Consumers	2,211 3 5	2,637 2 9	
244 18 10	Oil, Waste and Water ..	243 19 3		Sale of Current to Tramway Co.—Traction ..	2,406 1 10	3,115 7 8	
453 10 11	Wages at Station ..	567 9 2		Sale of Current to Tramway Co.—Arc Lamps ..	79 3 4	95 0 0	
134 8 8	Repairs and Maintenance	300 14 8½	2,273 1 3½	Public Lighting (including Maintenance and Repairs)	1,402 17 8	1,266 13 8	
£1,889 8 10				Meter Rents	108 7 6	76 0 2	
DISTRIBUTION:—				Sundry Sales and Repairs	56 12 7	225 2 0	
1903-4. £63 4 11	Wages of Fitters ..	42 8 4		Rental of Feeders—Tramway Co.	177 3 4	47 19 11	
41 2 7	Repairs and Maintenance of Mains..	68 2 10½		Discounts allowed by Tradesmen	33 8 1		7,463 6 2
35 1 5	Repairs and Maintenance of Apparatus on Consumers' Premises ..	29 8 8					
£139 8 11			139 19 10½		£6,504 17 9		
MANAGEMENT EXPENSES:—				*Less:*—			
1903-4. £250 0 0	Salaries— Engineer	233 6 8		Amounts written off as irrecoverable ..	161 9 10	34 5 1	
94 8 6	Clerical Staff	106 11 0		Discounts allowed to Consumers		106 15 2	
47 10 9	Stationery and Printing..	47 8 0					141 0 3
99 9 2	Establishment Expenses	169 12 5½	556 18 1½		£6,343 7 11		
£491 8 5							7,322 5 11
PUBLIC LAMPS:—							
1903-4. £307 6 6	Attendance and Repairs	373 4 2					
79 18 9½	Renewals	136 2 0½	509 6 2½				
£387 5 3½							
1903-4. 112 6 8	Rents, Rates, and Taxes	.. ..	305 7 8				
22 14 6	Insurance	.. ..	21 12 6				
1903-4. 3,300 15 3½	Gross Profit	.. ..	3,516 0 3				
£6,343 7 11			£7,322 5 11				£7,322 5 11

Dr. ELECTRICITY UNDERTAKING NET REVENUE ACCOUNT for Year ended 31st March 1905. *Cr.*

1903-4.		£ s d	1903-4.		£ s d
£854 14 10	Repayment of Principal	1,166 18 5	£3,300 15 3½	Gross Profit from Revenue Account ..	3,516 0 3
890 14 3	Interest on Mortgages	1,186 12 1	26 15 11	Bank Interest	24 15 2
1,582 2 1½	Amount Transferred to Depreciation Account	187 4 11			
..	Amount Transferred to District Fund..	1,000 0 0			
£3,327 11 2½		£3,540 15 5	£3,327 11 2½		£3,540 15 5

ELECTRICITY UNDERTAKING DEPRECIATION ACCOUNT to 31st March 1905.

	£ s d		£ s d
Balance carried forward	1,876 12 10	Balance brought forward	1,689 7 11
		Amount transferred from Net Revenue Account ..	187 4 11
	£1,876 12 10		£1,876 12 10

ELECTRICITY UNDERTAKING BALANCE ACCOUNT to 31st March 1905.

Liabilities.		£ s d	£ s d	*Assets.*			£ s d
LOANS ACCOUNT :—				CAPITAL OUTLAY :—	Expenditure to 31st March 1904. £ s d	Expended during year. £ s d	
1903-4.							
£30,832 0 2	Mortgages on Undertaking		35,888 1 9	Buildings	3,318 10 8	546 18 10	3,865 9 6
				Machinery	10,046 12 4½	3,833 12 9½	13,880 5 2
SUNDRY CREDITORS :—				Accumulators ..	1,014 11 6	..	1,014 11 6
1903-4.				Mains and Services	13,470 2 0	1,331 3 5½	14,801 5 5½
£1,703 12 4	Tradesmen—Invoice Account	569 16 3		Meters	1,430 4 7	204 19 3	1,635 3 10
402 0 0	Depositors	402 0 0		Electrical Instruments ..	1,396 2 0½	52 8 5	1,448 10 5
			971 16 3	Incandescent Apparatus ..	464 1 6	2 5 3	466 6 9
£2,105 12 4				Arc Apparatus ..	722 0 8	7 12 3	729 12 11
				Station Fittings ..	351 13 10	17 9 1	369 2 11
SURPLUS ASSETS ACCOUNT :—				Charges Incidental to Acquisition ..	358 9 11½	36 15 8	395 5 7½
Loans Repaid to 31st March 1902 ..		496 11 8			£32,572 9 1½	6,033 5 0	38,605 14 1½
Do. during year ended 31st March 1903		698 13 4		SUNDRY DEBTORS :—			
Do. during year ended 31st March 1904 ..		854 14 10		Electricity Consumers			1,634 9 8
Do. during year ended 31st March 1905		1,166 18 5		CASH BALANCES :—			
			3,216 18 3	Engineer—Petty Cash		7 14 8½	
				Do. Wages		28 2 3½	
DEPRECIATION FUND :—			1,876 12 10	Treasurer		1,358 13 4	
							1,394 10 4
				Stock of Materials on Hand			318 14 11½
			£41,953 9 1				£41,953 9 1

ELECTRICITY UNDERTAKING.

Comparative Statement as to Revenue.

Capital Outlay, to 31st March	Revenue Expenditure.			Revenue Income.				Amount transferred to Depreciation Account	Amount transferred to District Fund
	Principal Repaid	Interest	Cost of Production	Total	Private Consumption	Public Lamps	Meter Rents and other Sundry Receipts	Total	
	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
1902 19,410 4 6½	496 11 8	548 12 10	1,046 4 8	2,691 9 2	749 11 5	1,233 6 10	120 18 4	2,103 16 7	12 7 5	
1903 21,370 9 10½	698 13 4	790 16 4	1,415 16 9½	2,905 6 9½	1,541 14 0	1,324 15 2	133 16 0	3,000 5 2	94 18 4½	
1904 32,572 9 1½	854 14 10	890 14 3	3,204 2 5½	4,949 11 6½	4,726 8 7	1,402 17 8	402 7 5	6,531 13 8	1,582 2 1½	
1905 39,005 14 1½	1,166 18 5	1,186 12 1	3,806 5 8	6,159 16 2	5,847 10 5	1,266 13 8	301 2 2	7,415 6 3	187 4 11	1,000 0 0

Comparative Statement as to Generation (B.T. Units).

Year ended 31st Mar.	Quantity Generated	Quantity Sold				Quantity used on Works	Total Accounted for	Unaccounted for (*e.g.* loss in Storage Batteries, Distribution, &c.)	Number of Public Lamps	Total maximum supply demanded	No. of Consumers
		Public Lamps	Private Consumption	Traction Supply	Total						
1902	109,234	68,147	30,222	..	98,369	5,346	103,715	5,519	32 arc lamps 135 incdt. „	904 k.w.	76
1903	179,190	71,791	83,764	..	155,555	5,240	160,795	18,395	32 arc lamps 154 incdt. „	126 k.w.	156
1904	513,396	68,727	121,784	293,481	483,992	22,874	506,866	36,530	32 arc lamps 167 incdt. „	401 k.w.	249
1905	668,990	78,359	137,295	373,846	589,500	33,619	623,119	45,871	34 arc lamps 171 incdt. „	400 k.w.	321

(*b*) GASWORKS.

There does not appear to have been any form prescribed in which the accounts relating to gas undertakings belonging to Local Authorities are to be published, although by the Gasworks Clauses Act, 1871, the form is prescribed in which the accounts of gas *companies* are to be issued.

The same principles that are observed in the keeping of accounts relating to electricity undertakings are usually adopted in dealing with the accounts relating to gas undertakings.

Heads of Capital Outlay.—

The chief heads of Capital Outlay are:—

(*a*) Lands.
(*b*) Buildings.
(*c*) Plant, including all Machinery Storage Works, &c., used in connection with the *manufacture* of gas.
(*d*) Mains and Services.
(*e*) Meters.
(*f*) Gas Stoves and Cookers.
(*g*) Lamp Pillars for Public Lighting.

Revenue Account.—

The Revenue Account is divided into the following heads:—

Manufacture (including Charges similar to those set out under the head of "Generation" in the Electricity Works Revenue Account).
Distribution (including similar charges to those shown under the same head in the Electricity Works Revenue Account).
Public Lamps.
Rents, Rates, and Taxes.
Management Expenses.
Establishment Expenses.
Special Charges.

Sale of Gas.
Meter Rents.
Stove Rents.
Sale of Residual Products.
Sundry Sales.
Rents.

Net Revenue Account.—

The Net Revenue Account is constructed on precisely similar lines as the Electricity Works Net Revenue Account.

(*c*) WATERWORKS.

There does not appear to have been any form prescribed for accounts relating to Waterworks. The accounts are usually kept on similar lines to the two foregoing kinds of undertaking.

Heads of Capital Outlay.—

The chief heads of Capital Outlay in connection with Waterworks are:—

(*a*) Lands.
(*b*) Works and Plant.
(*c*) Mains and Services.
(*d*) Meters.

Revenue Account.—

The Revenue Account is divided into the following heads:—

Works Maintenance.
Rents, Rates, and Taxes.
Management Expenses.
Establishment Expenses.
Special Charges.

Water Rentals.
Meter Rents.
Sundry Sales.
Rents.

Net Revenue Account.—

The Net Revenue Account as before.

(*d*) TRAMWAYS.

The Accounts relating to Tramways are kept on the same lines as the accounts of other reproductive undertakings.

Heads of Capital Outlay.—

The chief heads of Capital Outlay in connection with Tramways are:—

(*a*) Lands and Buildings.
(*b*) Permanent Way.
(*c*) Electrical Equipment.
(*d*) Cars.
(*e*) Workshop Tools and Plant.

Revenue Account.—

The Revenue Account is divided into the following heads:—

Traffic Expenditure (Road), including Wages of Motormen, Inspectors, and Conductors, Repairs and Maintenance of Permanent Way, Electrical Equipment, &c.
Traffic Expenditure (Station), including Wages and other Expenses at Station.
Rents, Rates, and Taxes.
Management Expenses.
Establishment Expenses.
Special Charges.

Passenger Traffic Receipts.
Advertisements.
Rents.

Net Revenue Account.—

The Net Revenue Account as before.

REVENUE INCOME.

Consumers' Ledger or Rental.—

In connection with Electricity Works, Gasworks, and Waterworks Undertakings a "Rental," or Consumers', Ledger is used, of which the following is a form:—

Form 41.—

Dr. QUARTER ENDING .....190 *Cr.*

No.	Consumer's Name	Address	Meter Readings: Present	Meter Readings: Previous	Meter Readings: Advance	Meter Readings: Demand Indicator	Meter Readings: Diff'rnce	Units at d.: No.	Units at d.: Amount £ s d	Meter Rent £ s d	Instal'tion Rent: No.	Instal'tion Rent: Amount £ s d	Sundries £ s d	Arrears from last Quarter £ s d	Total Amount due £ s d	Paid: Date of Payment	Paid: C.B. Folio	Paid: Amount £ s d	Discount £ s d	Bad Debts £ s d	Carried to next Quarter's A/c £ s d	Remarks
1																						
2																						
3																						
4																						
5																						
6																						
7																						
8																						
9																						
10																						

The same form, with the necessary alterations in the headings, will be applicable to both Gasworks and Waterworks Undertakings.

This book is entered from the records of the meter readings taken at the end of each quarter. The accounts are made out from this book and sent to the various consumers. This should be done in the Clerk's (or Accountant's) Department.

The receipts should be posted into the "Rental" by some responsible officer in the Clerk's (or Accountant's) Department from the receipt counterfoils, and by the Collector in his Collecting and Deposit Book.

Residual Products.—

With respect to the Sales of Residual Products, Fittings, and other Sundries, a Sales Day Book should be kept, from which the Sundry Debtors will be debited and the Revenue Account credited.

Rents Receivable.—

Rents receivable in respect of workmen's cottages, lands, &c., should be journalised, the persons by whom the rents are payable being debited and the Revenue Account credited therefrom.

REVENUE EXPENDITURE.

A written order should be given for all goods, &c., required from tradesmen, and an Invoice Journal and Tradesmen's Ledger kept in the manner already indicated.

A Stores Book,
Wages Book, and
Journal

should be kept in respect of each reproductive undertaking, precisely in the same way as suggested in Chapter II.

The accounts for payment should be submitted to the responsible Committee, as previously suggested.

CHAPTER VI.

EDUCATION ACCOUNTS.

Constitution of Local Education Authorities.—

By the Education Act of 1902 the Council of every urban district with a population of over 20,000 is constituted the "local education authority" in respect of elementary education.

By Section 3 of the Act the Council of *any* urban district (whatever the population) have power to expend such sums as they think fit for supplying or aiding the supply of education "other than elementary," but the amount of their expenditure is restricted to the sum produced by a rate of one penny in the £.

HIGHER EDUCATION.

Expenses Defrayed out of Poor Rate.—

Prior to the Education Act of 1902 the power to expend moneys for technical instruction was possessed by Urban District Councils under the Technical Instruction Acts, 1889 and 1891; such expenditure was limited to the amount produced by a rate of a penny in the £, and was charged upon and defrayed out of the General District Fund. Both these Enactments were, however, repealed by the Education Act of 1902, so that the authority for defraying the cost of technical instruction out of the General District Fund no longer exists,

and therefore it is no longer possible to charge any expenditure incurred for the purpose of supplying technical instruction or higher education against the General District Fund. The Act of 1902, however, provides that the expenses incurred in the provision of higher education shall be raised out of the Poor Rate by means of a Precept levied by the Urban District Council on the Overseers. (Section 18.) The rate is collected by the Overseers, and the amount of the Precept—which need not be to the extent of the amount produced by a rate of a penny in the £—paid by them to the Council.

A form of Precept is given on p. 98.

Income.—

The sources of income in respect of higher education are:—

(*a*) Poor Rate (Amount of Precept).

(*b*) Grants from the Board of Education.

(*c*) Grants from the County Authority.

(*d*) Students' Fees.

(*e*) Sale of Books and other Class Materials.

As regards the method of accounting in connection with the above, when the Precept is levied the Overseers should be debited and the Higher Education Account in the Ledger credited with the amount thereof, the Overseers being credited and the Treasurer's (Higher Education) Account debited when payment is made by the Overseers.

Grants from the Board of Education are usually paid through the County Authority. When the amount of the grant has been ascertained, the County Authority should be debited and the Higher Education (*i.e.*, the Impersonal) Account credited therewith, the County Authority being credited and the Treasurer debited with the payment.

Form 42.—

EDUCATION ACT, 1902.

_____ COUNCIL OF

_____

_____

To the Overseers of _____

_____

ORDER TO PAY

£ s d

On _____ 190

To _____

_____

Dated _____ 190

To _____

_____

_____

_____

Overseers of the Parish of _____

in the County of _____

YOU ARE HEREBY ORDERED AND DIRECTED to pay to _____ of _____

_____ Treasurer of the _____ in the County of _____

on the _____ day of _____ 19__ the sum of _____ Pounds, _____ Shillings, and _____ Pence, out of the POOR RATES of the said Parish of _____ for defraying the Expenses of the said Council incurred or to be incurred for the purpose of supplying or aiding the supply of Education other than Elementary under the powers conferred upon them by Section 3 of the Education Act, 1902, and to take the Receipt of the said Treasurer, endorsed upon this paper, for the said sum.

THE COMMON SEAL of the _____ was hereunto affixed at a Meeting of the Council this _____ day of _____ 19__ by _____ in the presence of _____

(L. S.)

Form 42 (*continued*).—

RECEIVED *this* _____ *the within-mentioned sum of* _____

_____

_____

Grants from the County Authority should be dealt with in the same way.

Students' Fees should be passed through the Cash Account of the officer receiving them, who should give a receipt for every sum received by him from students.

Sales of Books, &c. These are not so numerous in Higher Education Accounts as in Elementary Education Accounts, where they would be dealt with in the Stores Book. Whether it is worth while to keep a Stores Book or not would depend on whether the Council purchase a sufficient quantity of books and other apparatus for sale to the students as would warrant the keeping of such a book. The probability is that these sales are so infrequent as would not necessitate the keeping of a Stores Book, in which case the amounts received would be placed direct to the credit of the Impersonal Account from the Cash Book of the officer receiving them.

Expenditure.—

The chief heads of expenditure are:—

(*a*) Salary of Secretary and Assistants.
(*b*) Salaries of Teachers.
(*c*) Apparatus, Books, &c.
(*d*) Heating, Lighting, and Cleaning.
(*e*) Establishment Expenses.
(*f*) Prizes to Students.

These should be journalised in the manner previously indicated, the persons to whom the amounts are due being credited and the Impersonal Account debited, the Treasurer being credited when payment is made, the persons receiving payment being debited accordingly.

Accounts must be kept separate.—

The accounts relating to Education must be kept entirely separate from the other accounts of the Council, the balance between the Treasurer's receipts and payments being carried forward (not carried to the General District Revenue Account, as formerly) to the next year's accounts.

A separate Balance Sheet also should be prepared.

Financial Statement.—

The Local Government Board have prescribed a form of Financial Statement in respect of the "receipts and expenditure" relating to education, but they have not prescribed the form in which the accounts are to be kept. There are no regulations in force as to how the accounts are to be kept, and therefore the accounts may be in such form as the Council deem desirable.

Borrowing Powers.—

By Section 19 of the Act of 1902 an Urban District Council is empowered to borrow money for the erection of higher education schools. The loan instalments and interest on loans are payable out of the amount received from the Overseers (which is restricted to the amount produced by a penny rate) and the grants from the County Authority.

Limitation not affected by Moneys Borrowed under Education Act.—

Money borrowed for this purpose is not reckoned as part of the debt of an Urban District Council for the purpose of the limitation on borrowing under Sub-Sections 2 and 3 of Section 234 of the Public Health Act, 1875.

ELEMENTARY EDUCATION.

The sources of income and expenditure in respect of elementary education are much the same as those in respect of higher education. There is the additional expenditure of "Repairs and Maintenance of School Buildings." But, whereas the amount of the Precept in the case of higher education is limited to the sum produced by a rate of a penny in the £, the amount of the Precept in respect of elementary education is not restricted.

Form of Accounts.—

The Local Government Board have not prescribed the form in which the accounts are to be kept. They may, therefore, be kept in such form as the Council deem desirable. The basis of "Income and Expenditure" should be adopted, and a separate account should be kept for each school.

The Local Government Board have, however, prescribed a form of Financial Statement, which forms part of the General Financial Statement of the Council, with which the reader is no doubt familiar.

Financial Returns.—

The information contained in the returns required by the Board of Education is in much greater detail; otherwise it is substantially the same.

Method of Accounting for Education Accounts.—

The method of accounting in connection with these accounts may be on exactly similar lines to that previously suggested herein.

CHAPTER VII.

AUDIT AND GENERAL.

Date of Closing Accounts.—

THE date of closing the accounts of Urban District Councils is the 31st day of March in each year. Although the date of closing the accounts relating to electricity undertakings is fixed for the 31st day of December by the Electric Lighting Act, 1882, sanction has been obtained in some cases, and it has now become general, to have the accounts of these undertakings made up to the 31st March.

District Fund Account and General District Rate Account to be kept separately.—

The "District Fund" Account should be entirely distinct from the "General District Revenue" Account (or "General District Rate" Account).

The latter should show the total income and expenditure for the year, the surplus or deficiency being carried to the District Fund Account, which represents the surplus of assets over liabilities on the General Revenue Account.

An example of each of these accounts is given in the Appendix on pp. 125-6.

Double Account System.—

The General Balance Sheet, and also the Balance Sheets of all reproductive undertakings should be prepared on the Double Account System. The "Double Account" System is merely a "system" of constructing the Balance Sheet. A Balance Sheet drawn up on this system shows the amount of "fixed" or capital assets and liabilities as distinct from the "floating" or revenue assets and liabilities.

A Balance Sheet constructed on the Double Account System is shown in the Appendix, pp. 127 and 128.

Aggregate Balance Sheet.—

In addition to a Balance Sheet being prepared in respect of each fund or undertaking, an Aggregate Balance Sheet should also be prepared, in order that the exact financial position of the Council as a whole may be ascertained. (See p. 124.)

Publication of Accounts.—

Many of the larger Urban District Councils are adopting the practice of publishing an Abstract of their Accounts, as is done by nearly all Municipal Corporations, in book form, which presents a complete summary of the Council's accounts, and is invaluable as a means of ready reference to the members of the Council, to each of whom a copy is supplied.

By Section 247 (10) of the Public Health Act, 1875, all Urban District Councils are required to publish an Abstract of their Accounts "in some one or more of the local newspapers circulated in the district." The "abstract" published in accordance with this section usually consists of the figures inserted in the Financial Statement as approved by the District Auditor.

Forms of Ledger.—

Where the practice of publishing an Abstract of the Accounts in book form is adopted, the following Ledger ruling for the Impersonal Accounts is recommended:—

Form 43.—

ABSTRACTING LEDGER.

Dr. *Cr.*

Date	Fo.	Name	Particulars	Details	Total	Details of Expenditure							Total	Details	Particulars	Name	Fo.	Date
				£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d				

An analysis of the accounts may be made therein during the year, instead of either keeping a separate book for the purpose, or abstracting the information required from the accounts at the end of the year—a very laborious process. It is, moreover, important that this information should be obtainable at any time throughout the year, and should be dealt with every month, as the Accounting Officer is often asked, by members of the various Committees, for such information.

Where an Abstract of the Accounts in book form is not published, the following Ledger ruling for the Impersonal Accounts is suggested:—

Form 44.—

LEDGER. .....Account.

Dr. *Cr.*

Date	Invoice A/c Fo....	Stores A/c Fo....	Wages A/c Fo....	Team Labour: Co'ncils Fo....	Team Labour: Hired Fo....	Journal Fo....	Petty Cash Fo....	Total	Date	Fo.			
	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d			£ s d		£ s d
190													
April													
May													
June													
July													
Aug.													
Sept.													
Oct.													
Nov.													
Dec.													
190													
Jan.													
Feb.													
Mar.													

The form is extremely concise, and the labour involved in the posting of the various items is less than one-half of that involved by the ordinary method of posting. This form is quite unsuitable where an Abstract of the Account is published in book form, and the preceding one is suggested, although the labour involved in keeping this form of Ledger is, of course, considerably increased.

Highway Expenditure Book.—

The "Highway Repairs Expenditure Account," mentioned in Article 4 (2) of the Accounts Order, 1880, may be dispensed with (after consent of the Local Government Board has been obtained) where either of the two foregoing forms of Ledger are in use, as the information required is clearly shown in the Ledger.

Comparative Monthly Statement.—

In some districts a Comparative Monthly Statement of the Income and Expenditure is prepared and submitted to the Finance Committee, or to the Council, somewhat in the following form:—

Form 45.— URBAN DISTRICT COUNCIL.

COMPARATIVE MONTHLY STATEMENT, 1904-5.

EXPENDITURE to July 31st 1904.

	Estimate	Proportion	Actual Expenditure	Overspent on Estimate	Underspent on Estimate
GENERAL—	£ s d £ s d	£ s d	£ s d £ s d	£ s d	£ s d
Salaries of Officers	1,110 0 0	370 0 0	414 4 0	44 4 0	.. .. ..
Establishment Expenses	550 0 0	183 6 8	146 1 10	.. .. ..	37 4 10 .. ..
Election Expenses	30 0 0	10 0 0	21 10 10	11 10 10	.. .. ..
Legal and Parliamentary ..	50 0 0	16 13 4	59 0 0	33 6 8	.. .. ..
Loan Charges, &c.	50 0 0	16 13 4	7 12 9	.. .. ..	9 0 7 .. ..
	1,790 0 0	596 13 4	639 9 5	89 1 6	46 5 5
PUBLIC WORKS—					
Sewerage	400 0 0	133 6 8	197 0 7	63 13 11	.. .. ..
Public Lighting	1,400 0 0	466 13 4	429 18 10	.. .. ..	36 14 6 .. ..
Secondary Roads	350 0 0	116 13 4	183 10 4	66 17 0	.. .. ..
Other Roads	600 0 0	200 0 0	153 5 7	.. .. ..	46 14 5 .. ..
House Refuse Removal ..	500 0 0	166 13 4	164 11 6	.. .. ..	2 1 10 .. ..
Street Sweeping	350 0 0	116 13 4	109 8 9	.. .. ..	7 4 7 .. ..
Street Watering	70 0 0	23 6 8	54 10 4	31 3 8	.. .. ..
Fire Brigade	100 0 0	33 6 8	46 9 2	13 2 6	.. .. ..
Joint Hospitals	666 0 0	220 0 0	275 0 0	55 0 0	.. .. ..
Public Offices	250 0 0	83 6 8	122 0 1	38 13 5	.. .. ..
Sanitary	100 0 0	33 6 8	26 9 5	.. .. ..	6 17 3 .. ..
Parks, and Pleasure Grounds	300 0 0	100 0 0	137 5 11	37 5 11	.. .. ..
Promenade Band	200 0 0	66 13 4	10 0 0	.. .. ..	56 13 4 .. ..
Town's Yard and Depot ..	200 0 0	66 13 4	108 7 5	41 14 1	.. .. ..
Abattoirs	120 0 0	40 0 0	42 11 6	2 11 6	.. .. ..
Refuse Destructor	166 0 0	53 6 8	40 8 1	.. .. ..	12 18 7 .. ..
Sand Removal	100 0 0	33 6 8	33 4 11	.. .. ..	0 1 9 .. ..
Library	230 0 0	76 13 4	.. .. ..	.. .. ..	76 13 4 .. ..
Baths	120 0 0	40 0 0	27 8 8	.. .. ..	12 11 4 .. ..
Contingencies	50 0 0	16 13 0	12 1 11	.. .. ..	4 11 5 .. ..
	6,266 0 0	2,086 13 4	2,173 13 0	350 2 0	263 2 4
Loans Instalments	1,600 0 0	2,686 6 8	2,813 2 5	539 3 6	399 7 9
Interest	1,050 0 0				
	2,650 0 0	883 6 8	798 7 11		84 16 9
	10,700 0 0	3,569 13 4	3,611 10 4	539 3 6	394 4 6

Form 45.—*(continued).* INCOME.

	Estimated Receipts, 1904-1905	Actual Receipts to 24th August 1904
	£ s d	£ s d
General District Rate @ 3s. 10d. in the £ ..	10,500 0 0 ..	3,160 0 10
Salaries—	135 0 0 ..	0 0 0
Secondary Roads	130 0 0 ..	0 0 0
Steam Roller Earnings and other Private Improvements	150 0 0 ..	86 13 6
Frontagers—Interest	100 0 0 ..	5 3 0
Bank Interest	70 0 0 ..	0 0 0
Automatic W.C.'s	10 0 0 ..	3 7 0
Licenses	50 0 0 ..	34 6 6
Overseers' Rent	20 0 0 ..	10 0 0
Fire Brigade	5 0 0 ..	1 14 5
Sundry other Receipts	.. ..	10 6 0
	£11,170 0 0	£3,337 3 3

1904-5	£ s d
Total Estimated Receipts	11,170 0 0
Total Estimated Payments	10,700 0 0
Estimated Surplus	£470 0 0

A 1d. Rate estimated to Realise £235.

Internal Audit.—

A statement such as the foregoing, prepared and submitted to the Council every month, enables the members to see at a glance how the expenditure of the various Committees compares with the respective amounts provided in the estimate, and any tendency on the part of a Committee to over-expend is at once apparent, and may be arrested. In order to insure the accuracy of the statement an internal audit of the whole of the accounts should be made each month by the Clerk (or Accountant), or a responsible officer in his department. This should take place in every district, whether such a Comparative Monthly Statement as the foregoing is prepared or not.

Accounts subject to Government Audit.—

Under the provisions of the Public Health Acts and the District Auditors Act, 1879, the accounts of all Urban District Councils are subject to audit by the District Auditors appointed by the Local Government Board.

Regulations as to Audit.—

The regulations with respect to such audit are contained in Section 247 of the Public Health Act, 1875, and provide that the accounts shall be audited once in every year, as soon as can be after the date of closing the accounts. The District Auditor fixes the date upon which the audit shall take place. After receipt by the Council of the requisite appointment (of the date of the audit) from the District Auditor the Council are required to give fourteen clear days' notice, by advertisement in a newspaper circulating locally, of the time and place at which the audit will be held. A copy of the advertisement should be forwarded to the District Auditor. (Form appended.)

Form 46.—

——— URBAN DISTRICT COUNCIL.

NOTICE OF AUDIT.

NOTICE IS HEREBY GIVEN that on ....day the .... day of ..... 190 , at the hour of .... o'clock in the forenoon, an AUDIT and Examination of Accounts for the year ended 31st March 190 , of the Urban District Council of ——— (under and by virtue of the provisions of the Public Health Act, 1875, 38 & 39 Vic., Cap. 55, Sec. 24), will be held by ..... Esq., Local Government Board District Auditor, at the Offices of the said Council, Public Offices, ——— aforesaid, AND NOTICE IS HEREBY FURTHER GIVEN that a copy of the Accounts to be audited and Examined, duly made up and balanced, will be deposited at the offices of the said Council, and be open during office hours thereat for inspection by all or any persons interested for SEVEN DAYS before such Audit and Examination, and all such persons shall be at liberty to take copies of, or extracts from the same, without fee or reward.

Dated this .... day of .... 190 .

(Signed),

Clerk to the Council.

Public Offices, [ ].

Accounts to be Deposited.—

The accounts, duly made up and balanced, must be deposited at the Council Offices for inspection by all persons interested, for seven clear days prior to the date of the audit.

Ratepayers may be present at Audit.—

Any ratepayer or owner of property within the district may be present at the audit, and may make objection to any of the items, and the District Auditor is required to hear such objection, and to inquire into the merits thereof, and to decide as to same.

Production of Books of Account, &c.—

By Article 13 of the Accounts Order, 1880, the Clerk and other Accounting Officers are required to attend the audit, and to produce all Books of Accounts, Contracts, Vouchers, Receipts, and other Papers and Documents relating thereto.

Certificate as to Correctness of Accounts.—

At the conclusion of the audit the District Auditor, if satisfied as to the correctness of the accounts, shall sign a certificate to that effect in the Ledger, and also sign the Financial Statement in duplicate, one copy of which is forwarded by him to the Local Government Board, the other remaining in the possession of the Council.

Auditor's Report.—

Within fourteen days after the completion of the audit the District Auditor is required to deliver his Report on the Accounts to the Clerk to the Council, which shall be deposited at the offices of the Council. There does not appear to be any authority by which a ratepayer is entitled to inspect the Auditor's Report. Presumably it is deposited at the Council offices for the inspection of the members of the Council, and for safe keeping.

Reference has already been made to the publication of an Abstract of the Accounts as required by Section 247 (10) of the Public Health Act, 1875.

Disallowances and Surcharges.—

With respect to Disallowances by the District Auditor, it is the duty of the District Auditor to disallow every item of expenditure which has been made contrary to law, notwithstanding the reasonableness of such expenditure. Where expenditure which is merely technically illegal has been incurred *bonâ fide* and reasonably, the Council may make application to the Local Government Board for sanction to such expenditure under the Local Authorities (Expenses) Act, 1887.

Modes of Appeal—Against.—

As to appeals against surcharges and disallowances made by the District Auditor, every person aggrieved by such surcharge and disallowance may apply to the Court of King's Bench for a writ of *certiorari* to remove the disallowance into the King's Bench Division of the High Court, or may appeal to the Local Government Board, who are empowered to remit the surcharge and the disallowance.

The former method of appeal is seldom resorted to, as it is both cumbersome and expensive; the latter is the most usual.

Appeal to Local Government Board—How to be Made.—

The appeal should contain a copy of the reasons of the District Auditor, which the Auditor is required to enter in the book of account in which the disallowance was made (the Treasurer's Cash Account usually), together with a copy of the auditor's Certificate of Disallowance, and should state clearly the facts, the circumstances under which payment was made, and the grounds upon which the appeal is made, and must be

signed by the appellant, or, if more than one person has been surcharged, by as many of them as are desirous of appealing against the disallowance, and must be accompanied by the vouchers, cheques, and other documents which in any way relate to the matter.

If no appeal is made, the amount surcharged must be paid within fourteen days by the persons against whom the surcharge has been made to the Treasurer of the Council. If default is made in the payment within the time specified, the amount can be recovered by distraint, and the costs incurred in the recovery of such amount shall be borne either by the defendants or by the Council.

CHAPTER VIII.

It is impossible to deal in a work of this description with a great many of the questions affecting municipal financial administration; the sole object in view is to provide a practical manual illustrative of the method of keeping the accounts of Urban District Councils on the basis of income and expenditure. One or two of the more important matters relating to municipal finance may, however, be noticed briefly.

SUPERVISION OF ACCOUNTS.

This is a very important question, which, it is feared, does not receive the amount of attention that it ought. It is the greatest possible mistake to leave it to the Auditor to discover errors, whether they be merely errors of posting or more serious ones; a thoroughly systematic examination of the whole of the accounts should be made each month; the entries from the various receipt counterfoils into the Rate Book, or Rentals, should be periodically examined; the Surveyor's books also; and care should be taken to ascertain that the stores are properly accounted for, so as to prevent leakages of any description.

The officer whose duty it is to examine the accounts should report to the Council, or to the Finance Committee, the result of his audit of the accounts.

The Comparative Statement referred to on p. 108 is also of great value to members of the Council, and the practice of preparing and submitting such a statement to the Finance Committee each month should be encouraged as much as possible.

RESERVE FUNDS AND DEPRECIATION.

The tendency to make adequate provision for depreciation of plant, machinery, &c., in connection with undertakings of a commercial nature is not very noticeable in the accounts of Urban District Councils. Local Authorities do not, as a rule, set aside moneys for this purpose. The practice appears to be prevalent of charging the actual cost of repairs and renewals of plant, &c., against the Revenue Account as part of the working expenses. But then the actual payments in respect of repairs and renewals may not represent the actual wear and tear of the plant, &c.; for instance, the cost of repairs and renewals during the first year of working would not amount to very much, in the ordinary course; during the second year the cost would probably be a little more, and the third year a little more again, and so on until by the ninth or tenth year of working the cost may have assumed much larger proportions; yet it may have been that during the first, second, and third years all repairs and renewals that required to be made during those years had been made, and the cost charged against the Revenue Account. It is therefore apparent that there is some amount of wear and tear of plant, machinery, &c., beyond the actual payments for repairs and renewals, and to provide for this a certain percentage upon the capital outlay should be set aside annually, over and above the amount actually disbursed in making good renewals and repairs.

There is also the question of Obsolescence of Plant, Machinery, &c. We all know the argument that obsolescence is not depreciation; nevertheless, in such undertakings as Electricity Works, where (owing to improvements constantly being made in the plant, &c.) there is any likelihood of obsolescence, provision should be made against loss arising in consequence thereof, and included in the amount set aside for depreciation.

With regard to Sinking Funds, a Sinking Fund is provided for the express purpose of redeeming the loans raised in respect of an undertaking at the end of a given period, and is entirely separate and distinct from the question of the provision for depreciation. The money thus set aside cannot be utilised for any other purpose whatsoever than that of reducing the loan indebtedness. It cannot be utilised, for instance, for the replacement of worn-out machinery. It is for the specific purpose of reducing the capital liabilities. By the ordinarily accepted principles of accountancy this would not be a charge against the Revenue Account of an undertaking, although in the case of all local authorities the Loan Instalments or Sinking Fund Instalments are charged against the Revenue Account. The obligation placed upon Local Authorities of having to redeem the loans raised by them on undertakings of a commercial character within a specified number of years is a great burden, which no company in the country would undertake with equanimity, and, whilst undoubtedly it acts as a kind of "safety valve" as regards municipal indebtedness, it has the equally undoubted effect of placing Local Authorities in a very unfavourable position, as compared with companies who possess similar undertakings. No company in the country would ever dream of setting aside out of profits a sufficient sum of money every year which would enable them to repay the whole of the share capital at the end of twenty-four or twenty-five years! Yet Local Authorities are expected to do that, in addition to having to make suitable provision for depreciation and to pay the interest on the loans.

It has often been contended that the provision of a Sinking Fund is sufficient, without any provision for depreciation. As we have seen, a Sinking Fund can only be utilised for the purpose of redeeming the loan indebtedness, and not for the renewal of plant, &c.; or, in other words, not for the purposes

which a Depreciation Fund could be, and therefore it is submitted that provision for depreciation should be made in addition to the provision for Sinking Fund.

The method adopted in at least one urban district is to set aside a sum annually equivalent to rather more than 5 per cent. of the capital outlay, out of which the loan instalments are paid, and the balance utilised for making good renewals and repairs.

TRANSFER OF NET PROFITS IN AID OF RATES.

This is a most important question, and one upon which there is a great deal of controversy of opinion. There is a decided tendency on the part of Local Authorities to utilise the surplus profits from reproductive undertakings towards reducing the local rates. This should not be done, however, unless and until a Depreciation (or, if preferred, a Reserve) Fund equal to at least 10 per cent. of the capital value of the undertaking has been set aside. Then, again, there is the question of reducing the price of the commodity, rather than transfer the profits to relieve the rates. By this means the consumers—out of whom the profits have been made—reap the benefit. True, the consumers may be ratepayers, and would derive a benefit from a reduction in the rates; but every ratepayer may not be a consumer, and therefore, in the event of the rates being reduced instead of the price of the commodity, ratepayers who are not consumers would benefit equally with those ratepayers who are, which, it must be admitted, is inequitable.

There is also another phase of the question. The Local Authority may possess, say, the Electric Lighting Undertaking, and a Company the Gasworks; if the Local Authority decided to reduce the price of current instead of taking any surplus

there may be in aid of the rates, this would have a decided tendency to cause a reduction in the price of gas on the part of the company.

It sometimes happens—though, fortunately, these cases are in the minority—that the undertaking is not able to yield any profits, and is, in fact, unable to pay its way. It has been enacted that any deficiency there may be in the revenue of these undertakings is to be made good out of the District Fund. Where there happens to be a deficiency in the first year's working it is doubtful whether the District Fund should be called upon to make good the deficiency, or whether it might not be better to open a Suspense Account, and carry the amount of such deficiency to the debit of that account, in anticipation of future profits from the undertaking, which, in the event of these being realised, might be carried to the credit of that account until the deficiency entirely disappeared, after which a Depreciation or Reserve Fund might be opened, and any additional profits carried to that fund. In the event of the anticipated future profits not being realised, the deficiency could *then* be charged against the District Fund and the Suspense Account closed.

APPENDIX.

Form A 1.— GENERAL DISTRICT RATE (COLLECTION) ACCOUNT.

Date	Fo.		£ s d	£ s d	Date	Fo.		£ s d	£ s d
190..					190..				
April 1	165	To Balance of Recoverable Arrears	..	80 4 5	April	83	By Collector	16 9 10	
					May	"	" Do.	57 9 5	
	116	" Amount of General District Rate at £ in the £	10,735 9 11		June	"	" Do.	262 9 5	
	116	Supplemental	136 9 0		July	"	" Do.	1,053 12 7	
			10,871 18 11		Aug.	"	" Do.	2,272 1 0	
		Less :—			Sept.	"	" Do.	2,064 19 9	
	116	Empty Property .. £127 3 3			Oct.	"	" Do.	1,653 18 2	
	"	Allowed on Appeal 42 6 0			Nov.	"	" Do.	2,896 7 0	
	"	Allowed on account of Poverty .. 38 16 4			Dec.	"	" Do.	179 1 0	
					190..				
			208 5 7		Jan.	"	" Do.	145 6 0	
				10,663 13 4	Feb.	"	" Do.	64 16 3	
					Mar.	"	" Do.	49 0 5	
									10,715 10 10
					Mar 31	121	Balance outstanding	..	28 6 11
				£10,743 17 9					£10,743 17 9

Form A 2.—

SUNDRY DEBTORS ACCOUNT.

Date	Fo.		£ s d	£ s d	Date	Fo.		£ s d	£ s d
190..					190 .				
April 1	167	To Balance brought forward ..	..	8 14 2	April	83	By Collector	6 4 1	
April	6	" Amount due as per Journal ..	8 11 6		May	"	" Do.	7 6 3	
May	7	" Do. ..	3 9 8		June	"	" Do.	4 2 6	
June	9	" Do. ..	5 7 1		July	"	" Do.	3 11 11	
July	12	" Do. ..	16 11 10		Aug.	"	" Do.	4 9 1	
Aug.	13	" Do. ..	7 4 3		Sept.	"	" Do.	17 6 6	
Sept.	17	" Do. ..	22 12 2		Oct.	"	" Do.	2 11 8	
Oct.	19	" Do. ..	17 2 11		Nov.	"	" Do.	34 17 7	
Nov.	21	" Do. ..	6 6 7		Dec.	"	" Do.	8 6 4	
Dec.	26	" Do. ..	5 13 4						
190..					190..				
Jan.	27	" Do. ..	2 2 10		Jan.	"	" Do.	4 17 1	
Feb.	30	" Do. ..	2 17 1		Feb.	"	" Do.	6 3 5	
Mar.	32	" Do. ..	1 4 11		Mar.	"	" Do.	4 1 2	
				99 4 2					103 17 7
						121	Balance outstanding	..	4 0 9
				£107 18 4					£107 18 4

Form A 3.—

Dr. COLLECTOR'S ACCOUNT. *Cr.*

Date	General District Rate Fo. 1	Sundry Debtors Fo. 2	Frontagers Repayments Fo. 87	Interest on Private Street Works Fo. 89	Totals	Date	Fo.				
	£ s d	£ s d	£ s d	£ s d	£ s d				£ s d	£ s d	
April ..	16 9 10	6 4 1	74 2 7	5 17 9	102 14 3	April ..		By Treasurer	100 6 2		
May ..	57 9 5	7 6 3	17 17 6	0 1 6	82 14 8	May ..		Do.	80 10 10		
June ..	262 9 5	4 2 6	931 11 10	..	1,198 3 9	June ..		Do.	1,199 6 6		
July ..	1,053 12 7	3 11 11	229 1 10	14 17 7	1,301 3 11	July ..		Do.	1,294 11 7		
Aug. ..	2,272 1 0	4 9 1	..	..	2,276 10 1	Aug. ..		Do.	2,275 1 0		
Sept. ..	2,064 19 9	17 6 6	40 13 5	2 0 0	2,124 19 8	Sept. ..		Do.	2,124 1 7		
Oct. ..	1,653 18 2	2 11 8	714 10 5	73 3 11	2,444 4 2	Oct. ..		Do.	2,440 7 0		
Nov. ..	2,896 7 0	34 17 7	297 1 0	30 14 9	3,259 0 4	Nov. ..		Do.	3,258 0 10		
Dec. ..	179 1 0	8 6 4	7 15 6	0 12 5	195 15 3	Dec. ..		Do.	195 0 2		
Jan. ..	145 6 0	4 17 1	208 11 6	8 10 1	367 4 8	Jan. ..		Do.	363 7 8		
Feb. ..	64 16 3	6 3 5	26 3 11	2 10 4	99 13 11	Feb. ..		Do.	111 2 4		
March ..	49 0 5	4 1 2	92 19 9	11 11 1	157 12 5	March		Do.	155 2 11		
										13,596 18 7	
								Balance in hands of Collector	..	12 18 6	
£	10,715 10 10	£103 17 7	£2,640 9 3	£149 19 5	£13,609 17 1					£13,609 17 1	

Form A 4.—

Dr. STORES ACCOUNT. *Cr.*

Date	Fo.	Stores A/c Fo. 78	Invoice A/c Fo. 18	Wages A/c Fo. 11	Team Labour: Council's Fo. 9	Team Labour: Hired Fo. 7	Journal Fo. 76	Petty Cash Fo. ..	Total		Fo. of Stores Book			
1904		£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	..	£ s d	1904			£ s d	
April		376 10 7	71 7 6	6 10 8	1 1 0	0 7 0	..	..	455 16 9	April	7	By Stores delivered	81 2 3	
May		..	82 4 4	6 8 7	1 6 3	..	..	..	89 19 2	May	15	Do.	96 3 4	
June		..	61 11 2	2 17 11	0 14 0	0 10 6	5 0 0	..	70 13 7	June	25	Do.	71 14 2	
July		..	53 13 11	11 19 1	0 12 3	0 5 3	..	..	66 10 6	July	31	Do.	62 11 3	
Aug.		..	90 17 4	3 3 2	2 3 9	0 14 0	1 8 6	..	98 6 9	Aug.	38	Do.	86 4 7	
Sept.		..	63 16 1	14 4 11	1 8 0	0 17 6	5 0 0	..	85 6 6	Sept.	44	Do.	95 12 8	
Oct.		..	71 11 6	4 5 9	1 9 9	0 3 6	..	..	77 10 6	Oct.	51	Do.	77 13 5	
Nov.		..	80 6 10	3 7 8	2 5 6	..	..	..	86 0 0	Nov.	57	Do.	76 18 10	
Dec.		..	56 10 10	3 11 7	1 11 6	1 1 0	5 0 0	..	67 14 11	Dec.	65	Do.	81 4 1	
1905										1905				
Jan.		..	50 17 5	7 3 5	1 1 0	0 15 9	0 10 6	..	60 8 1	Jan.	72	Do.	85 18 4	
Feb.		..	67 11 2	5 5 7	0 12 3	0 3 6	..	..	73 12 6	Feb.	80	Do.	89 19 7	
March		..	40 7 7	1 11 11	0 7 0	0 1 9	5 0 0	..	47 8 3	Mar.	86	Do.	93 14 6	
														998 17 0
	£	376 10 7	790 15 8	70 10 3	14 12 3	4 19 9	21 19 0	..	1,279 7 6	" 31	180	By Stock of Stores on hand	..	301 13 8
	122	To General District Revenue Account—Profit							21 3 2					
									£1,300 10 8					£1,300 10 8

Form A 5.— URBAN DISTRICT COUNCIL OF ———

AGGREGATE BALANCE SHEET, 31st March 190 .

Liabilities.

	Loans	Sundry Creditors	Treasurer	Total Liabilities
	£ s d	£ s d	£ s d	£ s d
General District Fund	42,581 11 1	83 9 1	109 18 1	42,774 18 3
Electric Lighting Undertaking	30,832 0 2	2,105 12 4	..	32,937 12 6
Private Street Works	7,185 0 5	136 13 1	..	7,321 13 6
	80,598 11 8	2,325 14 6	109 18 1	83,034 4 3

	£ s d	£ s d
REVENUE ACCOUNT :—		
General District Fund	1,421 6 9	
DEPRECIATION ACCOUNT :—		
Electricity Department	1,689 7 11	
SURPLUS :—		
Amount of Loans Repaid—		
General District Fund	£9,597 8 11	
Electricity Department	2,049 19 10	
Expenditure in Excess of Loan Sanctions charged to General District Fund	417 14 1	
	12,065 2 10	
Amount of Outlay and Assets in Excess of Liabilities	—— ——	15,175 17 6
		£98,210 1 9

Outlay and Assets.

	Property	Stocks and Debts	Treasurer	Total
	£ s d	£ s d	£ s d	£ s d
General District Fund	50,801 11 11½	624 13 11½	2,785 2 1	54,211 8 0
Electric Lighting Undertaking	32,572 9 1½	2,081 19 3½	2,022 11 10	36,677 0 3
Private Street Works	2,502 9 7	2,989 5 4	1,829 18 7	7,321 13 6
	85,876 10 8	5,695 18 7	6,637 12 6	98,210 1 9

Form A 6.— GENERAL DISTRICT RATE (OR REVENUE) ACCOUNT, 1904-5.

1905	Fo.		£ s d	£ s d
Mar. 31	34	Salaries Account	1,303 0 0	
"	35	Establishment Expenses A/c	507 1 1	
"	36	Election Expenses A/c ..	17 1 3	
"	37	Legal and Parliamentary Expenses A/c	71 18 6	
"	38	Town Hall A/c	225 10 5	
"	39	Town's Yard and Depôt A/c	117 11 7	
"	40	Street Scavenging A/c ..	335 8 10	
"	41	Street Watering A/c	114 3 0	
"	42	Street Lighting A/c	1,144 12 5	
"	43	Parks' and Pleasure Grounds' A/c	391 14 2	
"	44	House Refuse Removal A/c..	494 18 2	
"	45	Sand Removal A/c	127 2 11	
"	46	Sewerage Maintenance A/c..	487 18 4	
	47	Refuse Destructor A/c ..	276 15 5	
		Infectious Diseases:		
	48	Prevention ..	113 5 8	
	48	Notification ..	4 5 0	
"	49	Fire Brigade	153 1 4	
"	50	Cabmen's Shelter	3 9 3	
"	52	Main Roads	621 18 8	
"	56	Other Roads	959 6 10	
"	58	Street Improvements ..	218 17 11	
"	60	Hospital	559 6 8	
"	61	Public Abattoirs	47 11 1	
	L.L.			8,295 18 6
"	14	Loan Instalments	1,207 4 4	
"	"	Interest on Loans	914 17 2	
				2,122 1 6
"	√	To District Fund	..	629 3 9
				£11,047 3 9

1905	Fo.		£ s d	£ s d
		General District Rate @ 3/6 in the £	10,735 9 11	
Mar. 31	1	*Add :* Supplemental	136 9 0	
			10,871 18 11	
"	"	*Deduct :* Irrecoverable—		
		On account Poverty 7 14 10		
		" Appeals 14 7 7		
		" Empties 186 3 2		
			208 5 7	
				10,663 13 4
"	88	Licenses A/c	..	42 19 1
"	96	Private Improvements A/c ..	..	69 2 2
		5% Superintendence Charges on the following Private Street Works :—		
"	3	John Street	82 3 3	
"	"	William Street	3 11 2	
"	"	Thomas Street	73 9 1	
"	"	Frederick Street	35 11 5	
"	"	George Street	23 10 5	
"	"	Ellen Street	21 0 4	
"	"	May Street	5 6 0	
"	"	Alban Street	3 4 10	
				247 16 6
"	18	Invoice A/c—Discounts ..	..	2 9 7
"	22	Stores A/c —Profit	..	21 3 1
				£11,047 3 9

Form A 7.— DISTRICT FUND.

1905			£ s d	1904			£ s d
Mar. 31	181	To Balance	2,106 14 1	April 1	123	By Balance brought forward	1,477 10 4
				1905 Mar. 31	✓	„ General District Rate Account	629 3 9
			£2,106 14 1				£2,106 14 1

Form A 8.— SURPLUS ASSETS ACCOUNT.

				Purpose	Amounts of Loans Repaid to 31st March 1904	Amounts of Charged to D. F. to 31st March 1904	Amounts of Loans Repaid during year ended 31st March 1905	Amounts of Charged to D. F. during year ended 31st March 1905	Amounts carried forward Loans Repaid	Amounts carried forward Charged to D. F.
1905			£ s d		£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
Mar. 31	To Balance ..		11,959 0 3	Town Hall	1,278 6 8	38 7 5	247 2 2	..	1,525 8 10	38 7 5
				Refuse Destructor ..	704 0 0	..	118 0 0	..	822 0 0	..
				Fire Engine	77 18 1	..	37 10 0	..	115 8 1	..
				Steam Road-roller ..	..	7 0 0	45 0 0	..	45 0 0	7 0 0
				Sewerage Works ..	7,038 11 10	367 5 10	907 2 3	..	7,945 14 1	367 5 10
				Public Abattoirs	125 13 11	..	71 4 10	16 19 6	196 18 9	16 19 6
				Parks and Pleasure Grounds	140 0 0	11 15 10	28 0 0	0 5 0	168 0 0	12 0 10
				Fire Alarm System ..	17 2 0	43 1 4	17 2 0	..	34 4 0	43 1 4
				Town's Yard and Depôt	499 6 5	..	111 17 2	10 8 0	611 3 7	10 8 0
				£	9,880 18 11	467 10 5	1,582 18 5	27 12 6	11,463 17 4	495 2 11
										11,463 17 4
		£	11,959 0 3						£	11,959 0 3

Form A 9.— URBAN DISTRICT COUNCIL OF ————.

Dr. DOUBLE ACCOUNT BALANCE SHEET. GENERAL DISTRICT FUND BALANCE SHEET to 31st March 1905. *Cr.*

LIABILITIES.	Treasurer.	Mortgagees.	Totals
	£ s d	£ s d	£ s d
LOANS ACCOUNT:—			
Town's Yard	..	3,308 8 6½	3,308 8 6½
Planted Slopes and Cabmen's Shelter	..	332 0 0	332 0 0
Refuse Destructor } Do. Cottages }	110 0 0	2,620 0 0	2,730 0 0
Public Offices	..	4,856 3 9	4,856 3 9
Stonebreaker	..	20 8 0	20 8 0
Fire Engine	..	239 7 6	239 7 6
Recreation Ground	..	147 0 0	147 0 0
Foreshore Rights	..	291 13 4	291 13 4
Esplanade	..	4,707 10 0	4,707 10 0
Sewerage Works	..	21,111 4 7	21,111 4 7
Abattoirs	70 0 0	2,388 4 2½	2,458 4 2½
Baths (Costs)	24 12 0	..	24 12 0
Sand Shield	44 12 7	383 9 10	428 2 5
Fire Alarm System	..	120 14 0	120 14 0
Steam Rollers	..	730 3 4	730 3 4
Street Improvements	..	914 0 0	914 0 0
	249 4 7	42,170 7 1	42,419 11 8
SURPLUS ASSETS:—			
Amount of Loans repaid ..	11,483 12 11		
Capital Outlay defrayed out of District Fund	579 4 10½		
Grants and Contributions ..	3,755 4 2		
	..		15,818 1 11½
PRIVATE STREET WORKS:—			
Mortgagees		11,585 19 2	58,237 13 7½
Contractors		12 8 7	
			11,598 7 9
SUNDRY CREDITORS:—			
Tradesmen—Invoice Account		..	141 6 7
CASH BALANCES:—			
Clerk—Petty Cash Account	5 17 6		
Collector—Petty Cash Account	1 16 8½		
			7 14 2½
DISTRICT FUND:—			
Balance at 31st March 1904	1,321 14 9		
Deduct Excess of Expenditure over Income during year ended 31st March 1905 ..	681 3 5½		
			640 11 3½
Add Transferred from Electricity Department		1,000 0 0	
			1,640 11 3½
			£55,807 11 6

ASSETS.	Expended to 31 Mar. 1904	Expended during Year	Total Capital Outlay	Unexpended in Treasurers hands	Total Assets
	£ s d	£ s d	£ s d	£ s d	£ s d
CAPITAL OUTLAY:—					
Town's Yard	3,422 14 11½	193 2 7	3,615 17 6½		
Planted Slopes ..	511 15 10	..	511 15 10		
Refuse Destructor } Do. Cottages }	3,318 5 10	296 8 10	3,614 14 8		
Public Offices ..	5,328 7 5	..	5,328 7 5		
Stonebreaker ..	136 0 0	..	136 0 0		
Fire Engine	350 0 0	..	350 0 0		
Recreation Ground ..	290 5 0	..	290 5 0		
Foreshore Rights ..	350 0 0	..	350 0 0		
Esplanade	4,600 0 0	33 11 10	4,633 11 10	966 8 2	
Sewerage Works ..	28,724 16 6	14 0 0	28,738 16 6	746 9 4	
Abattoirs	2,283 8 4	365 16 4	2,649 4 8		
Baths (Costs)	23 8 0	1 4 0	24 12 0		
Sand Shield	463 12 7	..	463 12 7		
Fire Alarm System ..	183 17 6	25 9 2	209 6 8		
Steam Roller ..	470 0 0	305 0 0	775 0 0		
Street Improvements	345 0 0	983 7 3	1,328 7 3		
Public Free Library	..	1,587 13 0	1,587 13 0	1,917 11 2	
	50,801 11 11½	3,805 13 0	54,607 4 11½	3,630 8 8	58,237 13 7½
PRIVATE STREET WORKS:—					
Capital Expenditure Unapportioned				3,706 11 5	
Owing by Frontagers				2,914 19 0	
Balance in hands of Treasurer				4,976 17 4	
					11,598 7 9
SUNDRY DEBTORS:—					
Arrears of Rate				31 6 4½	
Private Improvement Works				82 17 0	
					114 3 4½
CASH BALANCES:—					
Surveyor—Petty Cash Account				7 2 1	
Wages Account				69 6 6	
Team Labour Account				29 19 2	
Collector—Sundries Account				12 14 3½	
Treasurer—General Revenue Account				1,276 14 0	
					1,395 16 0½
Stock of Materials on hand				..	279 12 8
					£55,807 11 6

Form A. 10.— ALTERNATIVE METHOD OF PREPARING BALANCE SHEET.

Dr. GENERAL DISTRICT FUND BALANCE ACCOUNT to 31st March 1905. *Cr.*

LIABILITIES.	Treasurer £ s d	Mortgagees £ s d	Totals £ s d
LOANS ACCOUNT :—			
Town's Yard		3,308 8 6½	3,308 8 6½
Planted Slopes and Cabmen's Shelter ..		332 0 0	332 0 0
Refuse Destructor..	110 0 0	2,620 0 0	2,730 0 0
Public Offices		4,856 3 9	4,856 3 9
Stonebreaker		20 8 0	20 8 0
Fire Engine..		239 7 6	239 7 6
Recreation Ground ..		147 0 0	147 0 0
Foreshore Rights		291 13 4	291 13 4
Esplanade		4,707 10 0	4,707 10 0
Sewerage Works		21,111 4 7	21,111 4 7
Abattoirs	70 0 0	2,388 4 2½	2,458 4 2½
Baths (Costs) ..	24 12 0	..	24 12 0
Sand Shield.. ..	44 12 7	383 9 10	428 2 5
Fire Alarm System ..		120 14 0	120 14 0
Steam Rollers		730 3 4	730 3 4
Street Improvements ..		914 0 0	914 0 0
	249 4 7	42,170 7 1	42,419 11 8
PRIVATE STREET WORKS :—			
Mortgagees		11,585 19 2	
Contractors		12 8 7	
			11,598 7 9
SUNDRY CREDITORS :—			
Tradesmen—Invoice Account		.. ..	141 6 7
CASH BALANCES :—			
Clerk—Petty Cash Account ..		5 17 6	
Collector—Petty Cash Account		1 16 8½	
			7 14 2½
DISTRICT FUND :—			
Balance at 31st March 1904 ..		1,321 14 9	
Deduct Excess of Expenditure over Income during year ended 31st March 1905 ..		681 3 5½	
		640 11 3½	
Add Transferred from Electricity Department		1,000 0 0	
			1,640 11 3½
			55,807 11 6

ASSETS	Reduced by: Amount of Loan Repaid	Expenditure in excess of Loan Sanctions charged to District Fund	Contributions from other sources	Net	Unexpended in hands of Treasurer	£ s d Net
CAPITAL OUTLAY :—	£ s d	£ s d	£ s d	£ s d	£ s d	
Town's Yard.. .. 3,615 17 6½	289 6 5	18 2 7	..	3,308 8 6½	..	3,308 8 6½
Planted Slopes .. 511 15 10	168 0 0	11 15 10	..	332 0 0	..	332 0 0
Refuse Destructor .. 2,946 11 10 / 668 2 10	880 0 0	4 14 8	..	2,730 0 0	..	2,730 0 0
Public Offices .. 5,328 7 5	433 16 3	38 7 5	.. ..	4,856 3 9	..	4,856 3 9
Stonebreaker .. 136 0 0	115 12 0	..	.. ..	20 8 0	..	20 8 0
Fire Engine .. 350 0 0	110 12 6	..	..	239 7 6	..	239 7 6
Recreation Ground.. 290 5 0	143 0 0	0 5 0	.. ..	147 0 0	..	147 0 0
Foreshore Rights .. 350 0 0	58 6 8	..	.	291 13 4	..	291 13 4
Esplanade 4,633 11 10	892 10 0	..	..	3,741 1 10	966 8 2	4,707 10 0
Sewerage Works .. 28,738 16 6	8,006 15 5	367 15 10	..	20,364 15 3	746 9 4	21,111 4 7
Abattoirs 2,649 4 8	189 0 10	1 19 7½	..	2,458 4 2½	..	2,458 4 2½
Baths (Costs) .. 24 12 0	..	..	..	24 12 0	..	24 12 0
Sand Shield 463 12 7	35 10 2	..	..	428 2 5	..	428 2 5
Fire Alarm System.. 209 6 8	21 6 0	67 6 8	..	120 14 0	..	120 14 0
Steam Roller.. .. 775 0 0	39 16 8	5 0 0	..	730 3 4	..	730 3 4
Street Improvements 1,328 7 3	100 0 0	64 7 3	250 0 0	914 0 0	..	914 0 0
Public Free Library 1,587 13 0	..	..	3,505 4 2	.	1,917 11 2	
54,607 4 11½	11,483 12 11	579 4 10½	3,755 4 2	41,453 3 6	3,630 8 8	42,419 11 8
PRIVATE STREET WORKS :—						
Capital Expenditure Unapportioned ..	.. ..	.. ..	.. ..	.. ..	3,706 11 5	
Owing by Frontagers	.. ..	.. ..	.. ..	.. ..	2,914 19 0	
Balance in hands of Treasurer ..	.. ..	.. ..	.. ..	.. ..	4,976 17 4	
						11,598 7 9
SUNDRY DEBTORS :—						
Arrears of Rate	.. ..	.. ..	.. ..	.. ..	31 6 4½	
Private Improvement Works ..	.. ..	.. ..	.. ..	.. ..	82 17 0	
						114 3 4½
CASH BALANCES :—						
Surveyor—Petty Cash Account..	.. ..	.. ..	.. ..	.. ..	7 2 1	
Wages Account ..	.. ..	.. ..	.. ..	.. ..	69 6 6	
Team Labour Account	.. ..	.. ..	.. ..	.. ..	29 19 2	
Collector—Sundries Account ..	.. ..	.. ..	.. ..	.. ..	12 14 3½	
Treasurer—General Revenue Account	.. ..	.. ..	.. ..	.. ..	1,276 14 0	
						1,395 16 0½
Stock of Materials on hand ..	.. ..	.. ..	.. ..	.. ..	.. ..	279 12 8
						55,807

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